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Geography
Human geography

Analyzing sustainability reporting by best performing companies in global sustainability
indices
— Describing the contents and appearance of the reports

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<p>Tiivistelmä/Referat – Abstract</p> <p>The main subjects of this research are corporate social responsibility (CSR) and sustainability reporting. The aim of this study is to describe the contents and appearance of some of the most sustainable companies' sustainability reports. The leaders in CSR were selected from five well known global sustainability indices. A total of 29 companies' CSR reports from different industries and countries were selected for the study. Additional nine companies were included in the analysis of the best practices in CSR reporting but excluded from the content analysis.</p> <p>The purpose of this study is also to understand how the contents of the CSR reports have been defined. Content analysis is conducted in the four research areas: sustainability strategy or vision, materiality assessment, material topics, and sustainability targets. The study finds out how the four research areas are influenced by the company's operating environment and company-specific factors which form the contents of a CSR report. These factors are studied through stakeholder, legitimacy and other theories and concepts of CSR in its widest definition, such as creating shared value and corporate citizenship. The study also focuses on CSR reporting according to the Global Reporting Initiative.</p> <p>The results show that the leaders in CSR have many features that follow the most recent guidelines in CSR reporting and contain some of the most current topics concerning CSR, CSR reporting and global challenges. Most of the reporters recognize their role in the society and they are committed to tackle global challenges. The reporters emphasize the importance of sustainability and innovation which enables companies to create wellbeing and find solutions to global problems.</p> <p>The reports have certain similarities regarding their contents and appearance. Companies engage both external and internal stakeholders in the materiality assessment process. Companies' identified material topics represent the global challenges as well as the company-specific approach for creating shared value. Most of the best reports present a clear strategy and/or an ambitious vision that takes sustainability into account. Many companies have a credible sustainability program or plan which is visible throughout the report. Best reports focus only on topics that are most important for the company and stakeholders. In addition, an excellent report is reader-friendly with a clear structure, interesting graphics that simplify the complex matters of sustainability, is well-written and has case examples to enliven the story. The report is convincing and tells a distinctive story of the company's sustainability journey where sustainability seems to be well integrated into the business strategy.</p> <p>According to the subjective evaluation of the reports' appearance, the best reports belong to Adidas, Biogen, BMW, Henkel, IKEA, Johnson & Johnson, Natura Cosmeticos, Nestlé and Unilever. Other companies that were not included in the analysis but have excellent reports are: Air France-KLM, BG Group, LEGO, Outotec and Sodexo.</p> <p>Future research could be done in the field of sustainability targets and performance in CSR: how the leading companies in sustainable business measure the progress of their commitments for creating shared value and whether the progress is visible.</p>			
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<p>Tiivistelmä/Referat – Abstract</p> <p>Tutkimuksen pääaiheet ovat yritysvastuu ja yritysvastuuraportointi. Tutkimuksen tavoitteena on kuvata joidenkin maailman vastuullisimpien yritysten yritysvastuuraporttien sisältöä ja ulkomuotoa. Yritysvastuussa menestyvät yritykset valittiin viidestä tunnetusta vastuullisuusindeksistä. Yhteensä 29 yrityksen vastuullisuusraportit valittiin tutkimukseen. Yritykset edustavat useaa eri maata ja sektoria. Lisäksi yhdeksän muuta yritystä valittiin parhaiden käytäntöjen analysointiin, mutta niitä ei otettu huomioon sisällönanalysissä.</p> <p>Tutkimuksen tavoitteena on lisäksi ymmärtää miten yritysvastuuraporttien sisältö määräytyy. Sisällönanalyysi tehtiin neljästä tutkimusalueesta, jotka ovat kestävän kehityksen tai yritysvastuun strategia tai visio, olennaisuusanalyysi, olennaiset aiheet ja vastuullisuustavoitteet tai kestävän kehityksen tavoitteet. Yrityksen toimintaympäristö ja yrityskohtaiset tekijät määrittävät yritysvastuuraportoinnin sisällön. Tutkimuksen tavoitteena on selvittää minkälainen vaikutus näillä tekijöillä on neljään tutkimusalueeseen. Tekijöitä tutkitaan sidosryhmäteorian, legitimitietin teorian ja muiden yritysvastuun laajimman käsitteen mukaisten teorioiden ja käsitteiden kautta, kuten jaetun arvon luominen ja yrityskansalaisuus. Tutkimus keskittyy lisäksi Global Reporting Initiative –ohjeistuksen mukaiseen raportointiin.</p> <p>Tulokset osoittavat, että yritysvastuun edelläkävijät seuraavat uusimpia yritysvastuuraportoinnin ohjeistuksia ja raportoivat ajankohtaisista aiheista liittyen yritysvastuuseen, yritysvastuuraportointiin ja globaaleihin haasteisiin. Suurin osa raportoijista tunnistaa roolinsa yhteiskunnassa ja ovat sitoutuneita vastaamaan globaaleihin haasteisiin.</p> <p>Raporteilla on tiettyjä samankaltaisuuksia liittyen niiden sisältöön ja ulkomuotoon. Olennaisen aiheiden tunnistamisprosessissa sekä sisäiset että ulkoiset sidosryhmät on sitoutettu. Yritysten olennaiset aiheet sisältävät globaalien haasteiden lisäksi yrityskohtaisen lähestymistavan lisäarvon tuottamiselle. Suurin osa parhaimmista raporteista sisältää selkeän strategian ja/tai kunnianhimoisen vision, joka ottaa yritysvastuun tai kestävän kehityksen huomioon. Useimmilla yrityksillä on uskottava yritysvastuuohjelma, joka on nähtävillä koko raportissa. Parhaimmat raportit keskittyvät ainoastaan olennaisimpiin aiheisiin, jotka on tunnistettu yritykselle ja sidosryhmille tärkeiksi. Lisäksi erinomainen raportti on lukijaystävällinen, vakuuttava, hyvin kirjoitettu ja sisältää tapausesimerkkejä, jotka elävöittävät tarinaa. Raportissa on lisäksi selkeä rakenne ja kiinnostavia grafiikoita, jotka yksinkertaistavat kestävän kehityksen moniulotteisia aihealueita. Raportti kertoo poikkeavan tarinan yrityksen kestävän kehityksen matkasta, jossa vastuullisuus näyttäytyy selvästi liiketoimintastrategiaan integroituna.</p> <p>Raportin ulkonäköä arvioivan subjektiivisen analyysin mukaan parhaiten raportoivat yritykset ovat: Adidas, Biogen, BMW, Henkel, IKEA, Johnson & Johnson, Natura Cosmetics, Nestlé and Unilever. Muut yritykset, joita ei otettu huomioon sisällönanalysissä, mutta jotka raportoivat erinomaisesti ovat: Air France-KLM, BG Group, LEGO, Outotec and Sodexo.</p> <p>Tulevaisuuden tutkimus voisi liittyä kestävän kehityksen tavoitteisiin ja yritysvastuussa suoriutumiseen: kuinka kestävän liiketoiminnan edelläkävijät mittaavat arvonluonnin etenemistä ja onko kehitystä nähtävillä.</p>			
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LIST OF TERMINOLOGY

Aspect = Aspects are GRI's (given) topics that can be identified as material – relevant topics – for the company (Global Reporting Initiative part 1 2013).

Creating shared value (CSV) = “creating economic value in a way that also creates value for society by addressing its needs and challenges.” (Porter & Kramer 2011: 4).

Corporate Social Responsibility (CSR) = “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” (Commission of the European Communities 2001). “It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs” (Commission of the European Communities 2006).

Global Reporting Initiative (GRI) = “GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues” GRI's Sustainability Reporting Framework is being used in over 90 countries by thousands of corporate and public sector reporters (Global Reporting Initiative 2016). GRI G4 guidelines instruct companies to engage stakeholders in the process of recognizing the most important matters (material topics) – which create the base of the sustainability report (Global Reporting Initiative part 1 2013).

Integrated reporting (IR) = according to International Integrated Reporting Council (IIRC) = “an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.” (IR 2016).

Materiality and material topics = relevant, material topics for companies are those matters which have the most critical impacts – negative or positive – on the environment, society or economy in addition to matters that are influencing the decisions of stakeholders (Global Reporting Initiative part 1 2013).

Value chain = an organization creates value through a value chain. According to Michael Porter, who set out the concept of the value chain in 1985 "Every firm is a collection of activities that are performed to design, produce, market, deliver, and support its product." (Porter 1985 cit. Ankli 1992: 231).

Socially responsible investing (SRI) = “SRI market participants typically seek to achieve financial returns combined with consideration of some aspect of firms' environmental,

social and corporate governance (ESG) profiles.” (Białkowski & Starks 2015: 1).

Sustainability reporting (SR) = sustainability reporting is a way to inform different stakeholders – inside and outside the company – about company’s broad impacts and performance in sustainability (Niskala et al. 2013). Sustainability reporting also help organizations to recognize and manage risks, recognize opportunities and improve performance (GRI’s Reporting 2025 Project May 2015).

LIST OF ABBREVIATIONS

BSR = Business for Social Responsibility

CDP = Carbon Disclosure Project

CFP = corporate financial performance

CPLI = Climate Performance Leadership Index

CR = corporate responsibility

CSP = corporate social performance

CSR = corporate social responsibility

CSV = Creating Shared Value

DJSI = Dow Jones Sustainability Indices

DMA = Disclosures on Management Approach

ESG = Environmental, Social and Corporate governance

FSC = Forest Stewardship Council

GRI = Global Reporting Initiative

IIRC = International Integrated Reporting Council

ILO = International Labour Organization (ILO) Tripartite Declaration.

ISO = International Organization for Standardization.

KPI = key performance indicators

MNE = Multinational Enterprise

OECD = Organisation for Economic Cooperation and Development

SASB = Sustainability Accounting Standards Board

SDG = Sustainable Development Goals

SME = Small and Medium Sized Enterprises

SRI = Socially responsible investing

TBL = Triple Bottom Line

UN = United Nations

UNGC = United Nations Global Compact

UNGC = United Nations Global Compact

VBDO = The Dutch Association of Investors for Sustainable Development

WBCSD = World Business Council for Sustainable Development

1. INTRODUCTION

Corporate social responsibility (CSR) has gained increasing amount of interest worldwide for several decades. CSR and corporate ethics have become more actual and significant than ever (Carroll & Shabana 2010). It is hard not to encounter with corporate social responsibility in everyday lives. One may hear on the news about a company that has been revealed to be cheating in emissions tests or read an article about a retail company whose supplier does not pay enough for their employees in the Global South. One find a clip on social media about a company that produces home devices from waste or get an invitation to a restaurant which serves meals from food waste. In the local supermarket it is possible to choose from buying a chocolate bar from which two cents goes for the children in the Global South, buying fair trade products or supporting local organic products. There are seminars on socially responsible investing and pitching competition for startups with a social purpose.

CSR is in line with the principles of sustainable development. The World Commission on Environment and Development defined sustainable development in 1987 as “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED 1987: 41). CSR is a company's response to the challenge of sustainable development. CSR stands for taking responsibility of the company's societal impacts which can be economic, social or ecological. The concept of triple bottom line (TBL) recognizes these three aspects of corporations' ability to add value or impact negatively. CSR is linked with a corporation's competitiveness through risk management and the source of new business opportunities (Niskala et al. 2013).

Corporate social responsibility with its different forms and definitions has been the topic of discussion for the corporate executives and academics for more than half a century (Carroll 1991). Starting from the 1950's, definitions have changed between corporate social responsibility, corporate social performance (CSP), corporate/business ethics, corporate citizenship, corporate responsibility (CR), and corporate sustainability. Placing the emphasis has varied from *assuming* a responsibility (one form of CSR) to *responding* to the social environment and achieving results (CSP). In the 80's the research to link CSR

and corporate financial performance (CFP) began. Sustainability and sustainable development emerged in the CSR discussions in the early 2000s (Carroll & Shabana 2010). One of the most comprehensive and widely used definition of CSR is Carroll's (Carroll 1979 cit. Lee & Carroll 2011) four part perspective (see Figure 2). The four components of CSR are inviting business to "be profitable" (economic responsibility), "obey the law" (legal responsibility), "be ethical" (ethical responsibility) and be a good corporate citizen (philanthropic responsibility) (Carroll 1991: 42).

Companies and CSR cannot be separated from the context – the society. In a global modern information society citizens are well aware of the global challenges and are louder than ever in claiming equality and responsibility. This creates pressure for corporations to create sustainable business practices as corporations are responsible for their stakeholders. Stakeholders are for example shareholders, investors, employees, customers and society; "those groups who have a stake in the actions of the corporation" (Freeman & Reed 1983: 89). In order to fulfil stakeholder's demands, corporations are expected to do sustainable business by creating added or shared value for the society (see 2.1. Defining Corporate Social Responsibility). The forerunners of corporate social responsibility is sharing the view that sustainability is the one of the prerequisites in creating successful business and long-term financial value (GRI's Reporting 2025 Project May 2015; Niskala et al. 2013; Porter & Kramer 2011).

The connection between globalization and the need for multinational corporations to practice responsible business is undeniable. Stakeholders create pressures for companies to do sustainable business but there is no legally binding global code of conduct for Multinational Enterprises (MNE) or for foreign direct investment. Therefore CSR is largely an voluntary act (Mah 2004 cit. Gössling & Vocht 2007). Companies are however free to join different norm and standard setting organizations (OECD Guidelines) and voluntary initiatives (United Nations Global Compact (UNGC), the Global Reporting Initiative (GRI)) (Niskala et al. 2013). There are also numerous global and local organizations and networks founded for sharing knowledge on CSR and making a difference. These are for example Business for Social Responsibility (BSR), World Business Council for Sustainable Development (WBCSD), Ethical Corporation and Corporate Responsibility Network FIBS in Finland. There are also several consulting firms and all the "Big 4" accounting firms (Deloitte, EY, KPMG, PwC) offer services

relating to CSR (Tschopp & Nastanski 2014).

When reporting is implemented correctly it supports the company to create added value for the society and create long term financial growth (Niskala et al. 2013). It has been necessary to find ways to measure sustainability in order to evaluate CSR's business impacts and understand the long-term economic influence. This means conducting business analyses, setting targets and monitoring which are in line with the business strategy and management. CSR reporting has an important role in offering non-financial information to stakeholders, creating transparency and comparing the results on corporate social performance (Niskala et al. 2013).

International organizations provide guidance and metrics “to improve companies’ abilities to prepare sustainability reports and disclosures that are meaningful to stakeholders” (GRI’s Reporting 2025 Project May 2015: 4). Sustainability reporting frameworks with a global scope and internationally accepted norms are necessary to promote the global sustainability by providing the essential and reliable information to investors and other stakeholders worldwide (CGA 2005; Niskala et al. 2013). Harmonization of CSR reporting enables corporations and stakeholders to compare and share the best practices globally and increases comparability. Global Reporting Initiative (GRI) provides the world’s most widely used standards on sustainability reporting and disclosure (Fortanier et al. 2011; Global Reporting Initiative 2016).

1.1. Research gap and aim of the study

Corporate social responsibility has gained notable scholarly attention. There are studies focusing on CSR reporting within a specific country (Campopiano & Massis 2014; CGA 2005; FIBS 2015; Guo & Yang 2014; Honkanen 2013; MISUM 2015; Roca & Searcy 2012; Skouloudis 2009), studies on CSR reporting within a specific industry (Asif et al. 2013; Lempiäinen 2011) and some studies on CSR reporting of (largest) companies from different (or specific) sectors and countries of origin (Aryal 2014; Fortanier et al. 2011; KPMG 2015; Lungu et al. 2011; RobecoSAM & GRI 2015; Vukic 2015).

Not much research have been conducted on corporations that have excelled in CSR. Gössling and Vocht (2007) studied the success of companies that are dealing with the society’s demands by using the Fortune magazine’s list of the Global Most Admired

Companies. Romolini et al. (2012) studied 23 corporations from FTSE ECPI Leaders Index of the Italian Stock Exchange (corporations qualified as excellent in terms of environmental, social and governance (ESG) sustainability). Sweeney and Coughlan (2008) choose 28 companies from the FTSE4Good index from different countries and sectors. However, both of these studies take only one sustainability index into consideration instead of choosing companies from multiple sustainability indices. Knox, Maklan, and French (2005) also studied FTSE4Good listed firms including the top 150 companies in the research sample.

Many studies have focused on the extent of CSR disclosure (Roca & Searcy 2012; Gallego 2006; Skouloudis 2009; Fortanier et al. 2011; Sweeney & Coughlan 2008). Material topics, sustainability targets and/or sustainability strategy has been studied for example by RobecoSAM and GRI (2015) (focusing on specific industries) and MISUM (2015) (focusing on a specific country).

The aim of this Master's thesis is to examine how some of the most sustainable companies in the world from different countries and industries are reporting on sustainability. The purpose of this research is to study the CSR reporting of some of the best performers in CSR — to describe the reports' contents and appearance. The leaders in CSR have been recognized from several sustainability indices measuring companies' CSR performance. The aim is to identify which companies' reports stand out and in which way, recognize the common elements of their sustainability strategies or plans and the most common reporting framework. The study focuses on the well-recognized GRI's Sustainability Reporting Guidelines and on the most recent G4 guidelines (Global Reporting Initiative 2016). In addition, the purpose of the study is to recognize the possible common elements of the materiality assessment processes, what topics are considered material, what kind of sustainability targets have been set and to provide practical examples of best practices in CSR reporting.

As mentioned earlier, CSR and CSR reporting are very relevant topics. In addition, the research topic is close to the author's interests as well as study and work experience. The research topic was formed during a traineeship at Neste Oyj in Espoo, Finland, 2015. The author conducted a benchmarking study on CSR reporting of some of the most sustainable companies in the world. The benchmarking study was carried out in accordance with good

scientific practice especially because the data was decided to be used in this thesis. After the traineeship the research data was revised and research material related to Neste was removed.

The research topic relates to cultural or human geography and more specifically to economic geography. Geography is visible in all corporation's operations, corporate culture and defines the contents of CSR within each company: global trends, legislation and stakeholders' expectations, strategy, internationality and country of origin (Niskala et al. 2013). This study connects cultural geography with the concept of corporate citizenship. Culturally oriented corporate citizen has a positive influence on the local communities and respects the local cultures. In addition, corporate citizenship is about integrating ethical values and sustainability into corporate culture and code of conduct. (Dion 2001; Juholin 2004; McIntosh et al. 2003 cit. Sakko 2008; Suschman 1995 cit. Roca & Searcy 2012).

This thesis is relevant for companies and different stakeholders wanting to benchmark some of the leaders in CSR performance. The research may be useful for companies which are developing their sustainability approach and are interested in the CSR disclosure of the forerunners in CSR. The study also helps to fill the gap in the academic literature on how some of the most sustainable companies from different countries and industries are reporting on CSR. This study also differs from the previous studies in the way it combines empirical research with practical examples of best practices in CSR reporting.

1.2. Research questions

The research questions are:

1. How does some of the world's most sustainable companies' CSR reports look like and what are the similarities between these companies' reports and their approach to sustainable business?
2. What CSR reporting best practices are used by CSR leading companies?
3. What topics are on the agenda among top performing CSR companies from the materiality, sustainability targets and strategy perspective?

1.3. Limitation

This study does not evaluate how sustainable the companies are or give scores on how comprehensive or advanced the companies' sustainability programs are according to certain criteria. Companies in this study are considered sustainable as they are some of the best performing companies in multiple well-known sustainability indices. In addition, this study does not for example measure the truth behind a statement that sustainability is at the heart of the company's strategy. Instead, the aim of this study is to describe the reports' contents and appearance. Without setting fixed frames on how to report, the study aims to describe how some of the world's most sustainable companies are reporting. In addition, websites were not included in the research unless specific links were provided in the report.

1.4. Structure of the thesis

The thesis is structured under six chapters. The introductory describes the background of the research topic, presents the research gap and aim of the study as well as the research questions. In addition, the first chapter presents the method and the limitations of the study. Second chapter is about the theoretical framework for corporate social responsibility. The theoretical framework of the study is presented in a figure at the beginning of the section. The chapter continues with describing the previous studies in CSR and presenting theories according to the theoretical framework. In addition, there are sections which introduce the Global Reporting Initiative and the G4 guidelines.

The research paper continues with a third chapter dedicated to methodology: the chapter describes how the study has been conducted. The chapter describes in detail how the content analysis has been used in the four research areas: 1. sustainability plan, strategy, vision, mission or approach, 2. Materiality assessment, 3. material topics and 4. sustainability targets and goals. Next, the fourth chapter presents the results of the empirical analysis of the study. The results are presented for each research area including practical examples of the best practices derived from the reports. The fifth chapter is discussion. The results are reflected against the theoretical framework of the study. In addition, the research process and suggestions for future research are being discussed. Finally, conclusions summarize the main findings of the study.

2. THEORETICAL FRAMEWORK FOR CORPORATE SOCIAL RESPONSIBILITY

The theoretical framework of this study is presented in the Figure . The framework creates the base and the theoretical context of the study. The image demonstrates how the study is applying several concepts of CSR and CSR reporting including the publications of Niskala et al. (2013) and Global Reporting Initiative (GRI's Reporting 2025 Project May 2015). The aim of this study is to describe the contents of the CSR reports while understanding how the contents have been defined.

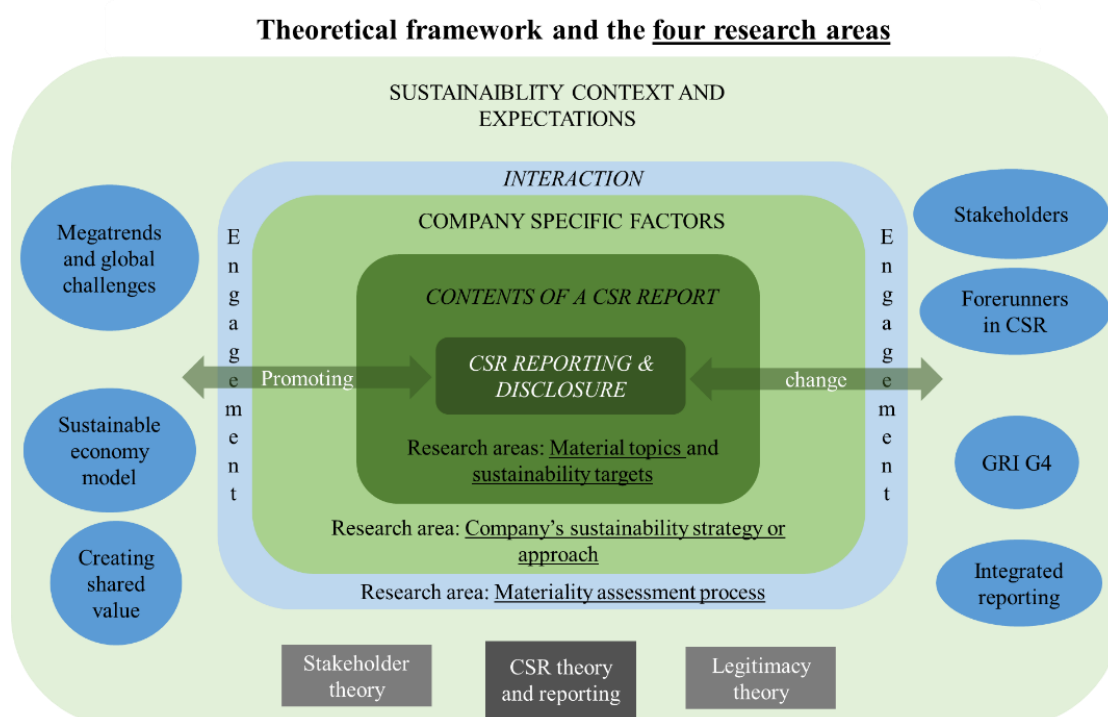


Figure 1: The theoretical framework and the four research areas (underlined) of this thesis.

CSR reporting and disclosure is formed under the influence of several factors and it may also encourage change. This thesis studies how the four research areas are influenced by the company's operating environment such as global trends, legislation, voluntary initiatives and forerunners in CSR, as well as stakeholders' expectations. The four research areas are sustainability strategy or vision, materiality assessment, material topics and sustainability targets. In addition, company specific factors such as size, strategy, internationality and country of origin also form the contents of CSR within each company (Niskala et al. 2013). These levels influence the contents of a CSR report and the material topics are identified by engaging (interaction) all relevant stakeholders in a materiality

assessment process. These actors and levels influencing CSR and sustainability reporting within each company are connected to stakeholder and legitimacy theory. CSR is defined by studying different theories of CSR and theories related to CSR reporting

2.1. Defining Corporate Social Responsibility

There are several definitions of CSR. The most cited definition of CSR is the Commission of the European Communities' (2001) definition: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." (Dahlsrud 2006; Commission of the European Communities 2001). The definition continues in a following way: "It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs" (Commission of the European Communities 2006). According to Niskala et al. (2013), sustainable business creates common value for stakeholders through its products and services, value chain and through clusters supporting the business.

Corporate social responsibility always exists in a context. Companies operate in different environments which vary according to the company-specific factors and company's operating environment described previously (Niskala et al. 2013). These factors define the contents of corporate social responsibility in each organization. In order to define the complex concept of CSR, we are able to categorise sustainability into classes that describe the responsibility of an organization having over its impacts on the surrounding society – the context where CSR is practiced.

Corporate Responsibility can be divided into economic, social and environmental responsibility according to Elkington's (2004) triple bottom line agenda. Economic responsibility is about how the financial profits are being distributed among stakeholders and how the innovations, investments or taxes paid (or nonpayment) by the company influence the surrounding society. Environmental responsibility is linked with efficient use of natural resources, production efficiency, circular economy, protecting the environment, using certified raw materials, mitigating climate change and being responsible for the whole production cycle and supply chain when it comes to environment. Social responsibility is about respecting human rights, labor rights, product responsibility and labor conditions throughout the whole supply chain (Niskala et al. 2013). Dahlsrud (2008:

4) studied the most cited definitions of CSR and categorized the definitions into five dimensions: environmental, social, economic, stakeholder and voluntariness dimension. Stakeholder dimension refers to interacting with the organization's stakeholders and voluntariness dimension to "actions not prescribed by law".

Carroll's (Carroll 1979 cit. Lee & Carroll 2011) four part perspective consists of economic, legal, ethical and philanthropic responsibility. This four-part categorization was later incorporated into a Pyramid of Corporate Social Responsibility (see figure 1) by Carroll (1991). According to Schwartz and Carroll (2003: 504) "Carroll's CSR domains and pyramid framework remain a leading paradigm of CSR in the social issues in management field". The four components of CSR are inviting "business to be profitable" (economic responsibility), "obey the law" (legal responsibility), "be ethical" (ethical responsibility) and be a "good corporate citizen" (philanthropic responsibility). The Pyramid can be seen as somewhat hierarchic as according to Carroll (1991) economic performance undergirds all else and philanthropic responsibilities are less important than the other three categories of social responsibility. Philanthropy is "the icing on the cake". However, Carroll emphasizes that the total CSR of business entails the simultaneous fulfilment of all four responsibility areas (Carroll 1991).

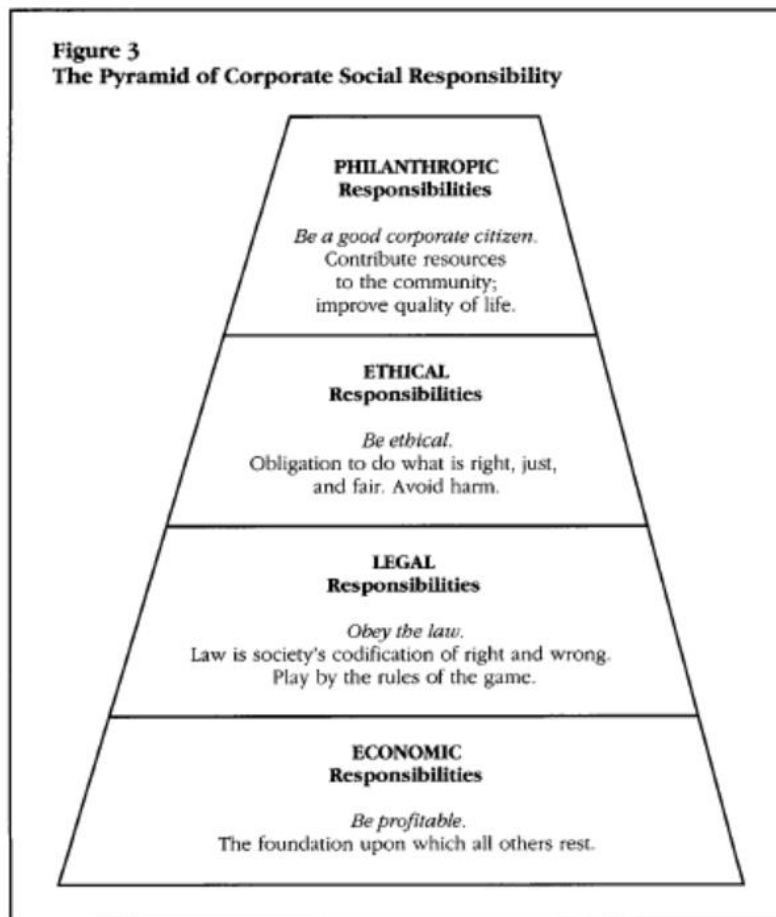


Figure 2: The Pyramid of Corporate Social Responsibility (Carroll 1991: 42)

Carroll's Pyramid of Corporate Social Responsibility was challenged twelve years later when the Three-Domain Model of CSR (see figure 2) was created. The model recognizes three domains in CSR: Economic, Legal and Ethical Domain. One of the most significant changes was that the model eliminates the separate philanthropic category and integrates it with the economic and/or ethical spheres. According to Schwartz and Carroll (2003) philanthropic activities can also be ethically or economically motivated activity. The Three-Domain Model also enables to eliminate the hierarchical relationship among the domains which Schwartz and Carroll label as an inherent assumption. The Three-Domain Model also broadens the domains' descriptions and captures the overlapping nature of the CSR domains. Schwartz and Carroll apply seven categories (see figure 2) which highlight the overlapping nature of the domains: (1) Purely Economic, (2) Purely Legal, (3) Purely Ethical, (4) Economic/Ethical, (5) Economic/Legal, (6) Legal/Ethical and (7) Economic/Legal/Ethical. The last category describes an activity which is motivated by the bottom line (economic), the legal system, and ethical principles (Schwartz & Carroll 2003).

**Figure 2:
The Three-Domain Model of Corporate Social Responsibility**

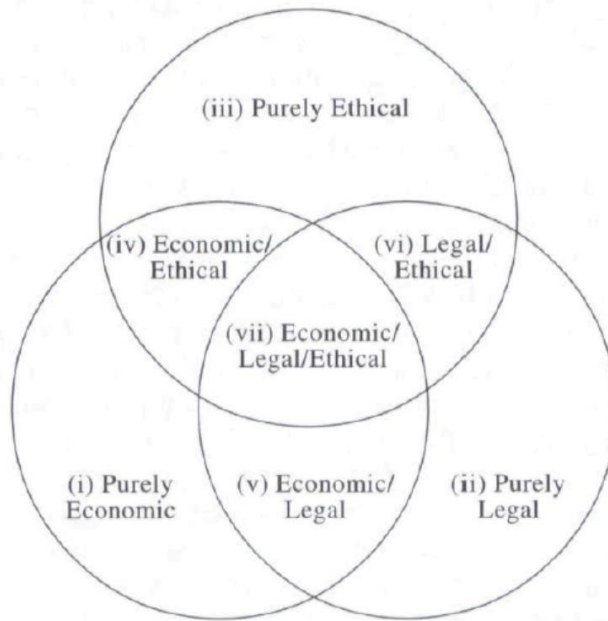


Figure 3: Three-Domain Model of CSR (Schwartz & Carroll 2003: 509).

The terms corporate social responsibility (CSR), corporate responsibility (CR) and sustainability in this study are referring to the wide(st) definition of CSR. This study understands CSR through “The Pyramid of Corporate Social Responsibility” while recognizing the well-grounded adjustments of the “Three-Domain Model of CSR” (Carroll 1991; Carroll & Sabana 2010; Schwartz & Carroll 2003). Most importantly, this study recognizes Porter and Kramer’s (2011: 4) concept of creating shared value: “creating economic value in a way that also creates value for society by addressing its needs and challenges.” There is not a simple or one way to describe CSR and as always, no metaphor, model or framework is perfect as they are always simplifying the phenomenon and reality.

As mentioned earlier, one of Carroll’s (1991) four components of CSR is philanthropic responsibility “being a good corporate citizen”. Matten and Crane (2005) defines this concept as a limited view of corporate citizenship. The more recent view of corporate citizenship is much wider. In order for a company to become a corporate citizenship it needs to take the surrounding society and culture into consideration and operate according to the norms set by the society. This study connects the concept of corporate citizenship with cultural geography. According to Crang (1998: 3) cultural geography is “about how

the world, spaces and places are interpreted and used by people; and how those places are interpreted and used by people; and how those places then help to perpetuate that culture.” Business is a human activity and dependent on human actions. Cultures form the society whereas company and the society interact and are mutually dependent on each other. In its widest definition, corporate citizenship may influence the society by changing attitudes and values and finally the culture. Culturally oriented corporate citizen has a positive impact on local communities and respects the local cultures. Corporate citizenship — as creating shared value — is about integrating ethical values and sustainability into corporate culture and code of conduct (Dion 2001; Juholin 2004; McIntosh et al. 2003 cit. Sakko 2008; Suschman 1995 cit. Roca & Searcy 2012).

Lee & Carroll (2011) studied CSR in the public sphere and they used Carroll’s (1991) four part perspective of CSR (economic, legal, ethical and philanthropic responsibility). Ethical responsibility took the place as the most salient theme in the early 2000’s. However, by 2004 all dimensions are getting as much attention. According to Lee and Carroll it is important for companies to follow which themes are dominating the CSR discussion and monitor the public’s expectations of corporations and the changing social values (Lee & Carroll 2011).

Sustainable business has a positive impact on the company's reputation as corporate responsibility is valued by stakeholders. For this reason raising sustainable solutions in the company's consumer and business marketing is of particular importance and it is profitable to underline sustainability in company’s brand identity. Many researchers have written about the effects and positive outcomes of a good reputation and corporate responsibility. According to them companies with high corporate responsibility reputation may ask a higher price for their standard products, customers are more loyal, loans are granted more easily and they are paying less interest. Corporate responsibility may therefore provide competitive advantages (von Tulder & van der Zwart 2006).

There is increasing evidence that reporting and management of environmental, social and governance matters improve financial and operational performance (PwC 2015). Substantial body of literature presented by Lugnu et al. (2011) show that there is a positive correlation between the company size and the quality and extent of reporting on non-

financial topics. However, studies have not shown a clear correlation between the profitability and information disclosed (Lugnu et al. 2011) According to PwC (2015) even though CSR would not be an essential part of the business strategy or it would not be following the principles of integrated reporting (see 2.5 Sustainability reporting) “ESG reporting is associated with positive impacts on operational performance and risk management, leading to a reduced cost of capital.” Therefore, “managing broader value drivers” — financial and ESG performance — is also in shareholder’s interests (Clark, Feiner and Viehs 2014 cit. PwC 2015: 7). A study conducted by Mozaffar Khan et al. (2015) shows that companies that performed well in their material topics showed best future stock performance even though they were not performing well on immaterial topics at that moment.

As CSR is increasingly being linked with competitiveness, lower risks and long-term business success, investors have showed an increasing interest in corporate sustainability. Socially responsible investing (SRI) was introduced in the 1990s. SRI is becoming a mainstream investment strategy. The purpose is to achieve financial returns by considering companies’ environmental, social and corporate governance (ESG) performance (Białkowski & Starks 2015). Investors are interested in factors that have an impact on the company and thus have an impact on long-term shareholder value creation (RobecoSAM & GRI 2015). Socially Responsible mutual funds and Exchange Traded Funds (ETFs) represent some of these socially responsible investments (Tschopp & Nastanski 2014).

There are several sustainability indices which measure companies’ sustainability by using different methods (see 3.1. Research sample) (Niskala et al. 2013). Known and credible sustainability ratings include Dow Jones Sustainability Index, CDP (Climate, Forests, Water), FTSE4Good Index Series, The Global 100 Most Sustainable Corporations in the World, Fortune’s Most Admired Companies and Oekom Industry leaders (GlobeScan/SustainAbility Survey 2013).

Corporations are legitimizing their actions by using certifications (such as Fair Trade, Forest Stewardship Council (FSC), Rainforest Alliance) and giving the final responsibility to the consumers. At the same time consumers are finding legitimation for their purchases – for themselves. According to Dolan (2010) ethical consumption is increasing the role of a consumer to make a social and economic transformation instead of institutions and

states. Certifications and fair trade has functioned as a conscience mitigating factor for the consumers (Dolan 2010). Also sustainability reporting can legitimize business actions as it is one way of disclosing the company's impacts on society (Niskala et al. 2013). Responsible investment and consumption have become more common, so integrating sustainable development into corporate strategy is becoming more and more relevant (PwC 2015; Tschopp & Nastanski 2014).

2.2. Birth of the Modern Corporation from the Corporate Social Responsibility perspective

There was a time when corporations were not pursuing for maximal profit or escaping the social responsibility. The typical corporation in the mid-19th century was chartered to pursue some sort of public function in the form of a municipal or charitable corporation or privately-owned banking, insurance, and public utility enterprise (Millon 1990).

According to Banerjee (2008: 53) "State legislatures in 19th century America were the only bodies that had the power to grant special charters of incorporation, charters that specified what a corporation could or could not do, how long it could exist and how it was obliged to serve the public interest."

The growth of corporations in the America during and after the Civil War and Industrial Revolution evoked the corporate lawyers to pursue more power to operate by removing some of the constraints set on corporations. According to Banerjee (2008) for example North American corporations which were entities serving the public interest in the 18th century, have over the past 200 years systematically diminished the power of state in regulating their activity. In some respects, from the early years of the 19th century, the corporation started to be viewed as an entity, a legal person, existing separately from its shareholders and other stakeholders. By 1935, it was possible to state that there were no traditional limitations set on the corporation. (Banerjee 2008; Millon 1990).

Dahl (1973: 11 cit. Banerjee 2008: 57) describes the debates on the role of corporations in a following way:

"Business corporations are created and survive only as a special privilege of the state. It is absurd to regard the corporation simply as an enterprise established for the sole purpose of allowing profit-making. One has simply to ask: Why should citizens, through *their* government, grant special rights, powers, privileges, and protections to any firm except on

the understanding that its activities are to fulfill *their* purposes? Corporations exist because we allow them to do so.”

How is this related to Corporate Social Responsibility? According to Banerjee (2008: 54) after the corporations were no longer regulated by their behavior there was “no ‘official’ requirement to serve the public interest except in the economic realm.” Corporations had a significant turning-point when they became a ‘fictitious legal person’ and this legal revolution gave birth to the modern corporation. Maximizing profits meant that corporations could externalize the social and environmental costs of its business activity. This meant that social and environmental problems that the corporations caused were left to “someone else” (Banerjee 2008: 55). Externalities became a common name for these social costs that companies caused but did not have to bear (Porter & Kramer 2011).

Corporation – as a legal person – can be linked to corporate citizenship. According to Windsor (2001) a corporation can for example own, buy, sell and loan but it is not a moral person. The only way a corporation can do responsible business is by its managers and employees (Banerjee 2008). According to Carroll (1979, cit. Banerjee 2008: 60) “At the organizational level the principle of public responsibility focuses on a firm taking responsibility for its business activities. At the individual level the principle of managerial discretion focuses on the morality and ethics of individual managers.”

The profit principle transformed from “acceptable profits” to “profit maximization”.

Milton Friedman was one of the main spokesman for profit maximization and one of the most known CSR critics (Carroll & Shabana 2010: 90). However, according to Schwartz & Carroll (2003) Friedman agreed on the economic, legal and ethical domain but did not see room for the philanthropy in the business world. Banerjee (2008: 60) points out that “the main obligation of corporations in their current form is to their shareholders”.

Competitive pressures, market demand and supply are also the core features of a corporation and sometimes seen one of the main barriers for implementing CSR’s concept. In the late 1980s concern over companies’ impacts on other parties than shareholders was increasing and the term “stakeholder” was introduced (Marlin & Marlin 2003 cit. Tschopp & Nastanski 2014).

2.3. Stakeholder and legitimacy theory

Business and society are starting to get closer to each other again. Shareholder value maximization is gradually changing to stakeholder theory where a corporation is responsible also for other stakeholders and not only for shareholders. In addition, companies should create added value for all stakeholders. Stakeholders have the power to pressure the corporations to act more responsibly (Banerjee 2008). Creating short term profit has somewhat changed to “maximizing shareholder wealth in the long run” (Carroll & Shabana 2010: 91). CSR can be seen as one of the major factors in creating long term profit for shareholders and all stakeholders.

Stakeholder theory have often connected to CSR reporting (Roca & Searcy 2012). Corporations have obligations to their stakeholders and therefore reporters have to provide relative information for each stakeholder. Also legitimacy theory has been used in the research on CSR reporting (Roca & Searcy 2012). Company is part of society and therefore it needs to operate according to the norms set by the society (Suschman 1995 cit. Roca & Searcy 2012). Companies legitimize their business actions through sustainability reporting as it is one way of disclosing the company’s impacts on society (Niskala et al. 2013).

When a company is giving the society an impression that it is acting as a “good corporate citizen” it can achieve legitimacy. Gössling and Vocht (2007) emphasize that the perception of actions are decisive whereas the actions itself are not when it comes to legitimacy evaluations (Gössling and Vocht 2007). However, it cannot be seen as a way to create long term business success. There is a relatively new example that shows how good reputation a company can gain as far as it can hide its unwanted actions. The Volkswagen scandal shows how quickly legitimacy and reputation is lost when perceptions are revealed not to be based on real actions. Volkswagen was ranked as the world’s most sustainable automotive group (RobecoSAM & S&P Dow Jones Indices 2015) but it was revealed to be cheating emissions tests in the US (Hotten 2015).

2.4 Shared value

Companies have the critical role in bringing business and society back together. In order to fulfil the growing pressure from stakeholders companies need to find more throughout ways to take responsibility and create sustainable business. Companies have been blamed for societal problems while increasing number of companies have declared to embrace corporate responsibility. According to Porter and Kramer (2011) “The legitimacy of business has fallen to levels not seen in recent history.” Social Responsibility have been in the periphery, as a business add-on, instead of in the core of business strategy. Companies have been practicing business where value creation is viewed narrowly and maximizing short-term financial performance without responding to customer needs. Companies’ broader influences that determine the long-term success have been ignored. Porter and Kramer (2011: 4) believe that “The solution lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges.” The social harms or weaknesses that companies may cause often create economic costs for the company itself. Societies impose taxes, regulations, and penalties for companies in order to get them to “internalize” different externalities. Wasted energy or raw materials and accidents caused by companies create costs but at the same time countries which are known for corruption, human rights violations or short-sighted environmental policy create significant risks and costs for companies in the long run (Porter & Kramer 2011).

According to Porter and Kramer (2011) “A business needs a successful community, not only to create demand for its products but also to provide critical public assets and a supportive environment. A community needs successful businesses to provide jobs and wealth creation opportunities for its citizens.” (Porter & Kramer 2011: 6). Companies are influenced by the local circumstances and features that enable profitable business, such as the infrastructure. “Clusters”, or geographic concentrations of service providers, related businesses, companies, suppliers, and logistical infrastructure in a particular field, have a significant impact on productivity and innovation. IT in Silicon Valley and cut flowers in Kenya are examples of these kinds of clusters. This cluster thinking — enabling the development of local clusters — is one of the main characteristics of creating shared value (CSV). In practice, shared value perspective focuses on strengthening the local cluster in order to enable coffee farmers to increase their efficiency, yield, sustainability and product quality instead of directly paying more to the farmers (fair trade) (Porter & Kramer 2011).

Understanding and recognizing shared value and its transformative power is still in the beginning. Porter and Kramer names e.g. Johnson & Johnson, Nestlé and Unilever as examples of companies that have started to take action towards creating shared value (Porter & Kramer 2011). These companies are also included in this study. Porter and Kramer (2011) differentiate CSR from creating shared value (CSV) by justifying that CSR programs are most commonly about reputation and have limited connection to the business (Porter & Kramer 2011). However, creating shared value could be recognized as CSR in its widest concept. In any case “the most fertile opportunities for creating shared value will be closely related to a company’s particular business, and in areas most important to the business.” by major competitors prepared for potential cooperation (Porter & Kramer 2011: 15).

2.5. Sustainability reporting

Sustainability reporting is a way to inform different stakeholders – inside and outside the company – about the company’s broad impacts and performance in sustainability (Niskala et al. 2013). Expectations and demands are high in the global information society where information travels fast and stakeholders expect to be well informed. Sustainability is hard to measure and therefore common metrics are needed. According to Global Reporting Initiative (2016) “A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.” CSR reporting is a way to increase the company’s transparency and openness and therefore build trust, manage risks and maintain or improve reputation (GRI’s Reporting 2025 Project May 2015).

Reporting can also influence the company itself as it may enforce the CSR management and integrate sustainability deeper into company’s operations. CSR reporting helps to follow sustainability performance and combines several functions inside the company (Niskala et al. 2013). Sustainability reporting can support organizations to recognize and manage risks, recognize opportunities and improve performance (GRI’s Reporting 2025 Project May 2015). Sustainability reporting can still be seen in its early stages. The first environmental reports were published in the end of 1980’s by Body Shop, Shell Canada and Ben & Jerry’s. CSR matters started to be reported after the turn of the millennium involving a multi-stakeholder approach (Marlin & Marlin cit. Tschopp & Nastanski 2014).

For the last decade, stakeholders have been asking companies to disclose and measure sustainability performance like never before and the practice of CS disclosure has increased dramatically (GRI's Reporting 2025 Project May 2015). Sustainability reporting is becoming the norm as majority of the world's biggest companies are reporting on CSR. According to KPMG (2015) over 90 % of the 250 largest companies in the world report on corporate responsibility. One of the main driver of CSR reporting is ever-increasing regulations which require companies to report on non-financial information. In 2001 France was the first country to require non-financial reporting from listed companies. The European Directive on Non-Financial Reporting published in December 2014 requires around 6000 of the largest companies in the EU to report on environmental, social and employee-related, human rights, anti-corruption and anti-bribery matters (Directive 2014; Global Reporting Initiative 2016; KMPG 2015).

Corporate responsibility was once regarded as a domestic business matter in the "Western countries" and now we can see how CSR, sustainability reporting and different requirements are spreading globally; Taiwan is the first market in Asia-Pacific to implement mandatory CSR reporting. As a matter of fact, most of the companies reporting on CSR come from Asia Pacific. The region has improved in the quality of CSR reporting, whereas other regions in the world have not improved in CSR reporting since 2013. KPMG (2015) estimates that due to the quantity and quality of CSR reporting in Asia Pacific, the next leaders in CSR reporting come from Asia Pacific rather than Europe (Carroll & Shabana 2010; Global Reporting Initiative 2015; KMPG 2015; TWSE 2015).

A wave of global CSR (reporting) standards has started to emerge as harmonization of CSR is important for credibility, comparability and consistency. Global CSR standards also promote responsible (corporate) behaviour. Some of the most known norms and standard setting organizations are the UN Guiding Principles on Business and Human Rights, OECD Guidelines, International Organization for Standardization (ISO) 26000 and the International Labour Organization (ILO) Tripartite Declaration (Fortanier et al. 2011; Niskala et al. 2013).

Voluntary CSR initiatives such as United Nations Global Compact (UNGC) or UN's 2030 Agenda for Sustainable Development (including the Sustainable Development Goals

(SDGs)), encourage companies to operate according to international commitments at the global level. Organizations such as International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) work towards more holistic reporting. They provide guidance in reporting of ESG matters and emphasize on identifying material topics by industry in order for companies to disclose on matters that are relevant for investors' decision making as well as for the companies itself (Khan et al. 2015). GRI is the most known organization in CSR reporting. GRI published its first Sustainability Reporting Guidelines in 2000 (CGA 2005; Directive 2014; Fortanier et al. 2011; Global Reporting Initiative 2016; Niskala et al. 2013; PwC 2015; UN 2016). The European Union is encouraging to use common frameworks aiming to harmonize reporting. In Taiwan, the reporters will have to follow the newest GRI G4 guidelines (Directive 2014; TWSE 2015).

More and more companies have moved from a separate CSR report to including CSR information in annual reports. The leaders in CSR are also starting to report according to the guidelines of integrated reporting, although it is still uncommon (KPMG 2015; Niskala et al. 2013). International Integrated Reporting Council (IIRC) defines the International <IR> Framework as "an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term." (IR 2016).

Pioneers of integrated reporting suggest that reporters embarking on integrated reporting realize how sustainability is embedded into core strategy and focus on material issues (GRI 2013). The content elements according to the international <IR> framework are: description of the organization and the business context, description of the business model, governance, risks and opportunities, performance and future outlook (IIRC 2013; PwC's Corporate Responsibility Barometer 2015). According to GRI's (2013) study on integrated reporting the most commonly publishing self-declared integrated reports are large private companies from the financial sector registered in South Africa, the Netherlands, Brazil, Australia or Finland.

Integrated reporting links business management, strategy and communication together with financial (and operational) and CSR performance. Therefore integrated reporting

becomes a relevant tool regarding investment decisions. Integrated reporting helps companies to plan, create long-term sustainable business strategies and report on progress. More connectivity is created inside the company, between the different parts of the business and stakeholders enabling targeted, efficient and focused strategic planning and management for more sustainable business (PwC 2015).

2.5.1. Contents of sustainability reporting

CSR reports were in the past focusing on environmental questions. Current reports cover environmental, social and economic dimensions of CSR; triple bottom line reporting (Deegan 2002 cit. Fortanier et al. 2011). In addition, integrated reporting and reporting on the added value created for stakeholders are visible among the leading companies.

PwC notes regarding to their CSR study in Finland that “The ability of a company to communicate its social impact and value creation practices to its stakeholders is what makes leading companies stand out from their competitors.” (PwC’s Corporate Responsibility Barometer 2015: 6). In the future, reports will (or should) focus on how companies create value for business and society (GRI’s Reporting 2025 Project May 2015).

Companies perceive CSR in various ways and see their roles very differently on the path to a sustainable economy. Gössling and Vocht (2007) studied the companies in the Fortune magazine’s Global Most Admired Companies list and found out that 52 % of the total 69 companies had a wide role conception (categorized by the four categories of Carroll’s model) regarding social matters and “present themselves as ‘good corporate citizens’. 36 % of the companies had a narrow role conception and reported only on their economic and legal responsibilities (Gössling and Vocht 2007).

According to Fortanier et al. (2011), several studies show that CSR reports vary significantly between different countries and report in distinctive ways in each country. Every company has their own set of stakeholders and as several studies mentioned by Roca and Searcy (2012) demonstrate, companies prioritize their stakeholders. Roca & Searcy (2012) indicate that differences between companies’ stakeholders may explain variation in CSR reporting and for example which indicators have been disclosed. Also legitimacy theory may explain how CSR report contents vary among different companies

as “corporations may be subject to different expectations from society”. Mandatory requirements or their absence in disclosing non-financial information can also influence the indicators disclosed (Roca & Searcy 2012: 116).

There have been several studies on the indicators disclosed in sustainability reports. The studies focusing on Canadian (Roca & Searcy 2012), Spanish (Gallego 2006) and Greek (Skouloudis 2009) companies showed that there were several similarities in the indicators disclosed and topics such as sales, benefits (economic indicators), energy, water (environmental indicators), donations, labor practices and the breakdown of the workforce (social indicators) were widely reported. Roca and Searcy (2012) recognized that there were differences between the sectors and conclude that the complexity of sustainability, changing business environment, differing stakeholder perspectives and deciding what to report publicly result in diversity in indicators disclosed in CSR reports.

Institutional setting is one factor that defines what is legitimate. Institutions i.e. norms, rules, values, routines, traditions and habits shape and are shaped by individuals. According to Pedersen et al. (2013) the existing literature suggest that the ever-increasing regulations in CSR reporting will inspire more companies to disclose non-financial information (coercive pressure) and inexperienced reporters to imitate best practices in reporting or find a company role models (mimetic pressure). Sweeney and Coughlan (2008) support this theory with their findings where small, local companies imitating the large, public multinational companies that have been recognized by their CSR work. According to Pedersen et al. (2013) these pressures may cause homogeneity within CSR reporting. Pedersen et al. (2013) applied institutional theory in CSR reporting in Denmark and found that mimetic pressure created homogenization in CSR reporting practices (Pedersen et al. 2013). In turn, Matten and Moon (2008) applied institutional theory in understanding cross-national differences in CSR reporting (Matten & Moon 2008). Contemporary institutional theory enables CSR to be viewed in a global context where similar policies and strategies have been adopted (Guler et al. cit. Matten & Moon 2008).

Tschopp and Nastanski (2014) indicate that the challenges of harmonization in CSR reporting include organizations’ desire to illustrate their CSR efforts (positive or negative), relevant matters which may vary significantly, challenge of recognizing the core CSR elements and the lack of precise measuring in sustainability. According to Fortanier et al.

(2011) harmonization occur more efficiently on traditional reporting topics such as community and employment matters whereas rights topics and economic impact reflect more companies' country-of-origin. Surprisingly enough climate change was influenced more by domestic effects due to implementation of the Kyoto mechanisms (Fortanier et al. 2011).

Multinational enterprises' (MNE) practices and reporting are less and less affected or influenced by an individual country (Fortanier et al. 2011). One of the findings was that global guidelines and standards increase the level of CSR reporting and harmonization of CSR activities among companies globally. At the same time global standards reduced the coercive pressure – the influence of the domestic institutions – on companies' CSR practices. As discussed earlier, global standards (e.g. GRI, ISO, ILO, UN, OECD) and best practices by industry leaders guide companies' CSR reporting to various directions as sustainability reporting is “in its relatively early stages” (Roca & Searcy 2012: 116). Global reporting standards guide organizations on how to define their CSR report content and therefore may have an influence on the CSR topics reported globally.

Global CSR standards seem to create an additional coercive pull (Matten & Moon 2008). According to Fortanier et al. (2011) global CSR standards which are developed by many different stakeholders create “a global issue-level field” in CSR reporting. MNE's are developing and following these standards because they fit better to their corporate context with cross-national supply chains, stakeholders and societal norms. Global standards serve MNE's need to achieve legitimacy and reputation at the global level (Fortanier et al. 2011: 672).

Global Reporting Initiative (Reporting 2025 Project May 2015: 5) sums up the current global sustainability state as following:

“The sustainability movement – promoting transparency, better management of natural resources, regeneration of ecosystems, human rights, ethics and improved quality of life – has forever changed our understanding of business impacts and responsibilities, and has led to considerable improvements in the performance of many companies.” GRI continues with an unfortunate statement: *“However, this movement is not yet powerful enough to influence the decision-making processes that underpin the transition of governance structures, business models and resource consumption patterns to a sustainable level.”*

Instead: *“We are still concentrating wealth”* and *“increasing global temperatures and operating with short-term goals.”*

According to GRI (GRI’s Reporting 2025 Project May 2015: 4) the most important purpose of sustainability disclosure and reporting is to promote change; “to measure and report towards a sustainable economy”. However, measuring and reporting on sustainability impacts has not yet succeeded to work efficiently enough to function as a tool to promote change (GRI’s Reporting 2025 Project May 2015). Business models and sustainability challenges will be more linked in the future. The contents of reports will be changed as companies need to explain their contributions to society’s real matters (e.g. climate change, wealth distribution and food and water security topics) and strategically relevant matters (material topics) are changing accordingly (GRI’s Reporting 2025 Project October 2015).

GRI’s Reporting 2025 project (2015) looks into the trends of CSR reporting and tries to find out how to design sustainability disclosure to promote change. During 2015, “thought leaders” from various fields and countries were interviewed. They recognize the following hot topics for the forthcoming decade: shortage of raw materials, definition of policies and action plans to tackle climate change, reduction of waste and ecosystem contamination, reduction of wealth inequality, management of social conflict and migration, protection of human rights, definition of regional sustainable development plans, re-education of workers for new sectors, growth of ethical and reputational crises, and reinforcement of anti-corruption policies.” (GRI’s Reporting 2025 Project May 2015: 11).

According to the interviewees of the GRI’s Reporting 2025 project, transparency and consistency will be the most important factors in CSR reporting. Due to the advance and spread of data technology stakeholders are going to be able to access, collate, analyze and correlate information. Companies need to solve the challenge in providing coherent and trustworthy real-time data online. It most certainly challenges the current annual PDF reporting format although it may be retained in order “to preserve the storytelling aspect” of the reporting process. The study even suggests that companies will have to get used to “two co-existing reporting and disclosure environments” where one is regulated “official version” and one is real-time data disclosure (GRI’s Reporting 2025 Project May 2015: 12, 13). Data technology will enable companies to manage – and stakeholders to get

detailed information – on the company’s supply chain and all impacts. This calls for integrated management where companies (co)operate across sectors and regions (GRI’s Reporting 2025 Project May 2015).

The GRI’s Reporting 2025 project found four different trends regarding content of disclosures and reports that are currently visible and what companies should consider in the future. First, companies work towards a chosen sustainable economy model in order to create value for society and reduce impacts on the environment. These models are for example the circular economy, the green economy, progress without growth and natural capitalism. This means that in the future, companies should choose a model that is aligned with their big-picture goals, report which extent they apply the model and finally report on their progress in the transition. Secondly, companies are reporting on the contribution to achieve the Sustainable Development Goals (SDGs).

Third, some companies report with a focus on investors’ interests as they believe that investors are the main decision makers in the process to move towards sustainable economy. In addition, some companies believe in quantifying the environmental and social impacts and value creation involved in their operations, services and products. In the future, more profound evaluation and monitoring of business impacts is needed when valuating these externalities. Fourth, companies focusing on investors’ needs may find it useful to report according to the International Integrated Reporting Council’s (IIRC) Integrated Reporting <IR> framework. (GRI’s Reporting 2025 Project May 2015).

2.5.2. Global Reporting Initiative (GRI)

Reporting and measuring performance in CSR has moved closer to accounting and audit practices as requirements in CSR are increasing, standards are becoming even more universal and most of the world’s largest companies’ CSR data is independently assured (KPMG 2015; Niskala et al. 2013). GRI is a well-known organization in the sustainability field and its aim is to make sustainability reporting a standard for companies and organizations. Global Reporting Initiative’s (GRI) vision is to make CSR reporting as established and comparable as financial reporting (GRI 2016). GRI has a significant role in harmonizing reporting as it has developed a comprehensive Sustainability Reporting Framework that is being used in over 90 countries by thousands of corporate and public sector reporters. 74 % of the G250 companies were using GRI framework in 2015 (KPMG

2015). GRI cooperates with the United Nations and several other international institutions and organizations (GRI 2016).

GRI's fourth and newest guiding principle G4 was published in 2013 after two years of cooperation with hundreds of experts and other stakeholders. G4 is the only guideline which will be supported by GRI from 2016 onwards. G4 concentrates on getting companies and organizations "to focus their reporting on those topics that are material to their business and their key stakeholders." (GRI 2016). GRI G4 guidelines instruct companies to engage stakeholders in the process of recognizing the most important matters (material topics) – which create the base of the sustainability report (GRI part 1 2013). Reports become more user-friendly, relevant and more credible when the reporters focus on the most important topics for the company and stakeholders (GRI 2016).

G4 is also combining the changes in the international commitments and the latest developments regarding the society and stakeholders' expectations. This enables companies to evaluate their responsible actions against legislations, norms, rules, standards and voluntary initiatives (GRI 2016; Niskala et al. 2013). In other words, GRI provides a global platform and language of CSR and CSR reporting for companies and organizations.

2.5.3. Applying GRI G4 Guidelines

The GRI Sustainability Reporting Guidelines consists of Reporting Principles, Standard Disclosures (part 1) and an Implementation Manual (part 2). There are two options to report 'in accordance' with the G4 guidelines: a wider scope (Comprehensive) and a narrow scope (Core). The options do not describe the quality of the report or the performance of the organization. The options only indicate on at which level the report is following the GRI Guidelines. There are two different types of Standard Disclosures: General Standard Disclosures and Specific Standard Disclosures (GRI part 1 2013; Niskala et al. 2013). General standard disclosures are divided into seven parts: strategy and analysis, organizational profile, identified material aspects and boundaries, stakeholder engagement, report profile, governance and ethics and integrity. The Specific Standard Disclosures consists of disclosures on management approach and indicators (GRI part 1 2013).

The base of the report is the General Standard Disclosures which vary in according to the chosen ‘in accordance’ option (see Appendix 2). A GRI Content Index (or GRI index) functions as a table of contents for the information disclosed under the GRI G4. There is no need to select the Disclosures manually, as GRI provides a Content Index Tool which “enables reporters to generate a customized Content Index template based on their preferred ‘in accordance’ option, together with their selected material Aspects.” The final product is a customizable table in an Excel file to which the organization can even add their own indicators (GRI 2014).

In order to move on to the Specific Standard Disclosures the organization needs to identify the material Aspects and boundaries. Aspects are GRI’s (given) topics that can be identified as material – relevant topics – for the company (read more in 2.5.3. Materiality). Identifying boundaries means that the organization has to assess whether the material Aspects (see Appendix 1.) are having an impact inside or outside the organization. In addition, there may be need to include additional Disclosures that apply to specific sectors which may have more risks in certain areas (GRI part 1 2013).

As mentioned before, Specific Standard Disclosures consists of Disclosures on Management Approach (DMA) and Indicators. The organization should report on DMA and Indicators for identified material Aspects. The GRI Aspects are set out within each Category. Specific Standard Disclosures are divided into three Categories, where the Social Category is further divided into four sub-Categories: economic, environmental, social (labor practices and decent work, human rights, society and product responsibility) (GRI part 1 2013).

Indicators show the performance in the three Categories: economic, environmental and social. Indicators provide the information related to the impacts of an organization related to its material Aspects. Organizations have to choose the Indicators according to their identified material Aspects and ‘In accordance’ option (see Appendix 2.) (GRI Initiative part 1 2013).

2.5.4. Materiality

The contents of CSR in each company vary from company to company. As discussed in the Introduction (chapter 1.) the company has an impact on the surrounding society – the context where CSR is practiced (Niskala et al. 2013). Relevant, material topics for companies are those matters which have the most critical impacts – negative or positive – on the environment, society or economy in addition to topics that are influencing the decisions of stakeholders. The reporting company needs to evaluate which topics are the most relevant ones for the company and for its stakeholders. Defining the report content is crucial in order to answer to stakeholders' demands and give an efficient and reliable picture of the sustainability performance (GRI part 1 2013).

Organizations can follow GRI's process for defining material Aspects and Boundaries. The materiality assessment process consists of four steps described in the Appendix 3. There are also four Principles that need to be applied during the steps: 1. Stakeholder Inclusiveness: "The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.", 2. Sustainability Context: "The report should present the organization's performance in the wider context of sustainability.", 3. Materiality: "The report should cover Aspects that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders." and 4. Completeness: "The report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period." (GRI part 1 2013: 16, 17).

The reporting company should first identify (Identification) which topics and Aspects could be relevant and related to all of the organization's activities. The company should also evaluate on whether the impacts occur inside or outside the company. In order to do this, the company should apply the Principles of Sustainability Context and Stakeholder Inclusiveness. Applying the Principles of Sustainability Context means that the company needs to understand how the CSR performance contributes to the society.

The second step (Prioritization) instructs to assess the relevance of each Aspect and topic with the significance of the impacts the company is causing. Also the relevance of the

Aspects and topics need to be weighed against their influence on stakeholder's decisions and assessments. After this evaluation the company should define the material Aspects and their Boundaries. This step requires to apply the Principles of Materiality and Stakeholder Inclusiveness (GRI part 1 2013). GRI also introduces materiality matrix as one example on how the prioritization of Aspects can be represented visually (see Appendix 4) (GRI part 2 2013).

In the third step (Validation) the chosen material Aspects need to be assessed against Scope, Time and Aspect Boundaries in order to provide a balanced presentation of the organization's performance for stakeholders. At this point the Standard Disclosures – DMA and Indicators – are assembled and reported according to the identified material Aspects. The Principles of Completeness and Stakeholder Inclusiveness should be applied. The final step (Review) is closing the reporting cycle. The material Aspects are reviewed and the results used in the first step (Identification) of the new report. The reporter should consider once more the Principles of Stakeholder Inclusiveness and Sustainability Context (GRI part 1 2013).

3. METHODOLOGY

This study is a case study conducted with a descriptive approach. The study gives a perception of the elements of CSR reporting among the leaders in CSR. As described earlier, there are not many similar studies and therefore the nature of the study is explanatory (Metsämuuronen 2001). This study is conducted by applying a qualitative research approach. Content analysis is used in this study to analyze the contents of the 29 sustainability reports; several hundred pages of corporate social responsibility (CSR) disclosure. Content analysis is a method that is based on categorization and coding. It means that text is divided into different categories depending on selected criteria (Weber 1990). Content analysis is conducted in each four research areas: 1. sustainability strategy or vision, 2. materiality assessment, 3. material topics, and 4. sustainability targets.

Previous research has been utilized in the research planning. Content analysis is widely used in the CSR research (Campopiano & Massis 2014; Carroll & Shabana 2010; Lee & Carroll 2011; Lungu et al. 2011; RobecoSAM & GRI 2015; Roca & Searcy 2012; Sweeney & Coughlan 2008). Some of the studies have been concentrating on frequency counts or extent of disclosures (number of words, sentences or pages) (Carroll & Shabana 2010; Dahlsrud 2006). This research follows the method used in a study by RobecoSAM and GRI (2015): first, the information related to each research area is extracted from the reports and collected and sorted by research area and company. Next, the information is organized into categories based on the Global Reporting Initiative G4 Sustainability Reporting Guidelines. In addition, new categories are created for other themes that are most frequently mentioned by the companies. The data is coded by using Excel.

Content analysis is conducted by following a strict criteria. Criteria is described in detail in order to obtain reliability and reproducibility of this research. However, qualitative content analysis is based on the researcher's evaluation and therefore the subjectivity of the research method has to be acknowledged. In order to increase the validity several aspects are evaluated in order to study the relevant matters regarding the research questions: evaluating the chosen concepts, theory and the research method (Metsämuuronen 2001).

The research sample is preselected and not random. The study focuses on companies that are highly recognized and rewarded for their CSR performance. The research aims to

describe the contents of these companies' CSR reports in order to recognize the possible best practices in CSR and CSR reporting. A total of 29 companies and their published sustainability (CSR report or equivalent) or combined sustainability and annual reports were selected for the study. The amount of reports is based on the criteria set for selecting the companies from the known sustainability indices. Additional nine companies that did not meet the criteria of being the leaders of CSR were included in analyzing the best practices in CSR reporting and the appearance of the reports.

3.1. Research sample

The study focuses on CSR reporting and disclosure by some of the most sustainable companies in the world. A total of 29 companies and their published sustainability (CSR report or equivalent) or combined sustainability and annual reports were selected for the study. The following sample criteria was applied for the reports: the report covered the financial year 2014, the report was accessible or downloadable online and the report was available in English, Finnish or Swedish. The sustainability or annual reports were sourced either from GRI's Sustainability Disclosure Database (2015) or from the companies' websites in 25.6. – 28.8.2015. Websites were not included in the research unless specific links were provided in the report. Additional nine companies were included in analyzing the best practices in CSR reporting and the appearance of the reports.

The 29 companies were selected based on five well known sustainability indices: CDP (Carbon Disclosure Project) Sector leaders 2014, Dow Jones Industry Group Leaders 2014, FTSE4Good Global Index 2015, Global 100 List 2015, GlobeScan/SustainAbility Sustainability leaders 2015 and Oekom Industry leaders 2015. Companies that were mentioned at least in two sustainability ratings were selected for the study. Also top five companies from the Global 100 List 2015 were included. Companies may choose the sustainability indices which they want to participate in. Therefore known indices were used as a selection criteria and a company needed to be mentioned only in two indices in order to be selected to this study.

The following criteria needed to be set when choosing companies from the 2014 Climate Performance Leadership Index (CPLI): First criteria: Companies that have been on CPLI every year since 2010. Second criteria: Longest on CPLI during 2010 - 2014. All companies that fulfilled the first requirement were selected and companies fulfilling the

second criteria were selected from each industry. There are some interesting companies that I wanted to add to the study and as they did not meet the criteria (see Table 1) they are only regarded when looking at the good practical examples of CSR reports.

Sustainability indices use different methods to evaluate companies' CSR performance. CDP Sector leaders are companies that get the highest scores within each sector when evaluating the emissions performance (e.g. GHG reductions and Scope 1 and Scope 2 figures) (CDP Sector leaders 2014). Dow Jones Sustainability Indices' (DJSI) analysis includes "approximately 80-120 questions on financially relevant economic, environmental and social factors" and a Media & Stakeholder Analysis (MSA) (DJSI 2016). Dow Jones Industry Group Leaders include 2,500 largest companies of the S&P Global Broad Market Index, 59 RobecoSAM Industries from 47 countries. Industry leaders are companies that are the top 10 % companies performing best in sustainability within each industry (Dow Jones Industry Group Leaders 2014). FTSE4Good Index Series measure the performance of companies demonstrating strong ESG practices (FTSE4Good Index Series 2016).

Global 100 list is formed through several phases. Companies that pass through four screens (sustainability disclosure, F-Score, Product category, Sanctions) are included in the Global 100 Shortlist. These companies are then scored on the priority key performance indicators (KPI) (Energy productivity, Carbon productivity, Water productivity, Waste productivity, Innovation capacity, Percentage tax paid, CEO to average worker pay, Pension fund status, Safety performance, Employee turnover, Leadership diversity, Clean capitalism pay link) for their particular industry. The final Global 100 companies are the top overall performers from each sector (Global 100 List 2015). Companies chosen for the GlobeScan/SustainAbility Sustainability leaders 2015 were selected by targeted surveys. Globally, 816 qualified sustainability experts (from corporate, academic/research, government, non-governmental, service/media, and other organizations) "were asked who they consider to be the corporate leaders in the area of sustainability." (GlobeScan/SustainAbility Sustainability leaders 2015: 4). The oekom Corporate Rating assesses companies' responsibility towards persons affected by corporate activities and the natural environment. Approximately 100 indicators are chosen according to the industry for the evaluation of each company (Oekom Industry leaders 2015).

Table 1. Selected companies from five different sustainability indices: CDP Sector leaders 2014, Dow Jones Industry Group Leaders 2014, FTSE4Good Global Index 2015, Global 100 List 2015, GlobeScan/SustainAbility Sustainability leaders 2015 and Oekom Industry leaders 2015.

Sample criteria — selected companies by sustainability indices								
Dow Jones Industry Group Leaders 2014	Oekom Industry leaders 2015	Global 100 List 2015				Sector leaders 2014 CDP	GlobeScan Sustainability leaders 2015	FTSE4Good Global Index 2015
BMW	Renault	1.	Biogen	26.	Coca-Cola Enterprises	BMW	Unilever	Apple Inc.
Westpac Banking	BASF	2.	Allergan	27.	Statoil ASA	Unilever	Marks & Spencer	Johnson & Johnson
Siemens	DNB	3.	Adidas	39.	Henkel	National Australia Bank	Natura Cosmetics	Nestlé
LG Electronics	Coca-Cola Enterprises	4.	Keppel Land	41.	Westpac Banking	Philips	Nestlé	Roche Holding
Akzo Nobel	Henkel	5.	Kesko	44.	Natura Cosmetics	Schneider Electric	General Electric	
Unilever	Atlas Copco	6.	BMW	45.	Samsung Electronics	Samsung Electronics	BASF	
Air France-KLM	British Land	9.	Schneider Electric	46.	DNB			
Roche Holding	Marks & Spencer	12.	Outotec	51.	LG Electronics			
		13.	Novo Nordisk	55.	Siemens			
		16.	Marks & Spencer Group	74.	General Electric			
		18.	Johnson & Johnson	79.	National Australia Bank			
		22.	Unilever	81.	Renault			
		23.	Atlas Copco	80.	Akzo Nobel			
		25.	Philips	94.	British Land			

Color	Mentioned in indices (times)
	1
	2
	3
	4

Sample criteria		
Mentioned (times)	Selected for the content analysis	Other companies for analyzing best examples
1	If top 5 in the Global 100	Interesting companies
≥2	Yes	No

Basic organizational information such as the company's industry, country of registration, size according to EU's definition (Multinational Enterprise (MNE), Large organization, Small and Medium Sized Enterprises (SME)) and type (private or state-owned) were also gathered from the Sustainability Disclosure Database (2015). If the company was not found in the Database or the information was not sufficient the information was gathered from Global 100 List. In addition, information about the report was also collected, such as the version of the GRI Guidelines used (G4, G3, G3.1, referenced or other than GRI), application level (A, B, C) or "in accordance" option (Core, Comprehensive or referenced/undeclared) and whether the report was externally assured.

Also information on GRI Content Index was collected (separate or included in the report). The information whether the sustainability report was a stand-alone report (separate report) or incorporated (integrated report or sustainability as a separate section in the annual report). Information whether the reports had been prepared in line with the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> framework was also collected. Other general information on the report and the company was also collected.

Global Reporting Initiative G4 guidelines were applied in the content analysis. In order to get an unbiased analysis between the G4 reporters and the other companies, all relevant data was included in the study regarding each research area. For example, wording "material topic" was not required in collecting the data for material topics. Moreover, new categories were created according to the most mentioned themes in addition to the G4 Aspects regarding the content analysis.

3.2. Subjective quality evaluation of the reports

A subjective evaluation of the reports' appearance was conducted in order to recognize the best reports. The following categories were used to evaluate the performance:

Excellent report, graded as 2 = The company has an ambitious approach to sustainability and the report describes a distinctive sustainability journey. The report is well written, convincing and credible. The effort put on the report and sustainability program is visible and sustainability seems to be well integrated to the business strategy. In addition, the report is reader-friendly as it has a beautiful design, interesting graphics and a clear

structure.

Good report, graded as 1 = partly very good with for example well written sections and good graphics but for example the structure is very unclear, layout is unsuccessful and/or it seems that the company has difficulties in integrating sustainability into the company's strategy and actions.

Fair report, graded as 0 = the report had deficiencies in structure, layout and/or contents and the report is not convincing as a whole.

The performance of each country was presented by grading the reports between zero and two and the mean value for the reports within one country was calculated.

3.3. Sustainability plan, strategy, vision, mission or approach

The aim is to identify the most common sustainability plan, strategy, vision or approach by some of the world's most sustainable companies. Any strategy, vision or description of an overall approach towards sustainable development published by the company was included in the study. The name of a sustainability program was also gathered in case the company had one.

Table 2. Example of the table used in categorizing the data regarding the sustainability plan, strategy, vision or approach.

Company	Sustainability strategy/vision/approach
Akzo	<u>Planet Possible</u>
Nobel (2015: 206, 10)	“However, we believe that economic growth cannot be sustained if the underlying natural and social capital upon which wealth creation depends is depleted.” “So as well as actively working to reduce our carbon footprint across the value chain – to improve our resource efficiency and reduce our environmental footprint – we’re also creating social value by developing our employees and being active in the communities where we operate. And by continuing to innovate in order to supply more sustainable products and solutions for our customers, we create economic, environmental and social value.”

After extracting the companies' sustainability strategies or relevant statements from the reports they were gathered into a table (see Table 2). The following categories were created according to the most common sustainability strategy or vision mentioned in the reports (where one company's sustainability approach may correspond to several classes):

1. Adding value for stakeholders
2. Create well-being, added or shared value/lasting value
3. Long-term sustainable business success/profit/growth
4. Minimizing risks
5. Sustainability and innovation/product and service development
6. Sustainability embedded in all/increasing part of the company's activities/value chain/operations
7. Sustainability part/at the heart of the strategy

3.4. Materiality assessment

The aim is to identify the most common materiality assessment process applied by some of the world's most sustainable companies. Materiality assessment is a process where companies define the most relevant, material topics for their company and stakeholders. The processes were studied by following the process provided by GRI G4 guidelines in order to recognize whether that process had been applied by the companies (see 2.5.4. Materiality). After reading through the reports, it was visible that most of the companies had been following G4 guidelines. Therefore, G4 guidelines was used as a base for categories in the content analysis. Also, other categories were created according to other methods that were mentioned by the companies.

Table 3. Example of the table used in categorizing the data regarding the materiality assessment process. (Marks&Spencer 2015:39)

Company	Description of the process used to define material aspects
Marks & Spencer (2015: 39)	<p>-updated Plan A sustainability programme with the help of stakeholders: Plan A 2020</p> <p>-“Plan A 2020 commitments were further assessed for materiality by M&S management, who ranked them in terms of their ‘importance to stakeholders’ and ‘importance to M&S’ on a 3 x 3 matrix.”</p> <p>-“The positions on the matrix were then reviewed and amended where necessary according to direction from by EY.”</p>

Companies' materiality assessment process was evaluated by how the companies identify and prioritize material topics and which methods they used in the materiality assessment process. Four classes were created to recognize how the companies identify the possible material topics (step 1, see 2.5.4. Materiality), where only one class can be chosen:

1. Internal and external stakeholders engaged
2. Only internal stakeholders engaged
3. Only external stakeholders engaged
4. External stakeholders were engaged in the assessment but it was unclear at which stage of the materiality assessment process.

Four classes were used to recognize how the companies are engaging stakeholders in prioritizing the topics (step 2, see 2.5.4. Materiality), where only one class represents each reporter:

1. Internal and external ranking of the topics
2. Only internal ranking of the topics
3. Only external ranking of the topics
4. External stakeholders were engaged in the assessment but unclear at which stage of the materiality assessment process

Four classes were used to recognize the assessment criteria in prioritizing the topics (step

2, see 2.5.4. Materiality), where several classes may represent one reporter:

1. Significance to stakeholders and impact on the company's business
2. Sustainability matters that are influenced by the corporation's operations
3. Company's unique potential for positive impact on the society
4. Only the relevance for the company is used as a criteria

The following classes were used to recognize the methods used in the materiality assessment process, where several classes may represent one reporter:

1. Survey/interviews with internal and/or external stakeholders
2. Dialogue with internal and/or external stakeholders
3. Roundtable/seminar/workshop/panel
4. Media Analysis
5. Risk mapping
6. Using results of a previous survey or updating a previous survey

3.5. Material topics

The aim is to identify the most common materiality topics by some of the world's most sustainable companies. Materiality topics that were extracted from the reports are topics that have been identified as material (according to a materiality assessment process or topics identified as material or important) or are the main topics of the report. The categories in analysing the material topics are based on the GRI G4 Categories and Aspects as presented in the GRI G4 guidelines (see Appendix 1 and 2.5.4. Materiality). Topics mentioned by the companies were categorized according to the exact mentioned material topic (or Aspect), its synonym or most obvious meaning. Although the categories are based on the G4 Aspects or Categories (or sub-Categories), categories may not follow the specific contents described by the guidelines. Instead, only unclear Aspects' or Categories' contents (such as "product and service labeling") were reviewed from the G4 Implementation manual and in other cases the most obvious meaning and contents was applied (such as "occupational health and safety").

Each material topic was included in only one category based on the main focus and the first mentioned topic. For example "Climate change and energy supply" was categorized into the topic of climate change. Each category could only be selected once by each company, even though the same company would have two similar material topics falling

under the same category. Therefore it is possible to recognize how many companies reported on each topic.

Table 4. Example of the table used in categorizing the data. Topics marked with “()” were categorized under other created categories, other than G4 Aspects.*

Company	Is there a materiality matrix? Yes/No.	Material topics
National Australia Bank (2015b: 7-9)	No Stated as material	ethics and business conduct (*) transparency and disclosure (*) customer service and satisfaction (*) customer financial hardship staff turnover (*) performance and reward management values-aligned culture (*) biodiversity and ecosystem services degradation climate change (*) resource scarcity (*)

Those topics that did not directly fall under any of the GRI Aspects, were analysed and grouped separately under new topics. These 29 other created categories are marked with “*” (see Table 5). New categories were created in order to show more in detail which topics are mentioned most often. There were some specific, industry or company-related topics (such as over- & under nutrition and drug efficacy, safety & counterfeiting) or very general, broad sustainability matters (such as CSR performance) that could not be categorized.

When combining the G4 Aspects and the 29 other topics, a total of 71 classes were created for coding (see Table 5 and Appendix 1). These 71 categories are collectively named as

topics. Overall economic, environmental and other similar classes include material topics that are broader than Aspects and concern the whole Category or sub-Category (see Table 5).

Table 5. 29 other categories for topics that did not directly fall under the G4 Aspects.

<ul style="list-style-type: none"> *Climate change *Compliance/certification/verification (social and environmental) *Customer expectations/satisfaction/needs *Efficient use of resources/recycling/circular economy *Ethics *Health/ safety/security/wellbeing *Innovation/R&D *Intellectual Property Rights *Investments *OVERALL ECONOMIC *OVERALL ENVIRONMENTAL *OVERALL Human Rights (SOCIAL) *OVERALL Labor Practices and Decent Work 	<ul style="list-style-type: none"> *OVERALL Product Responsibility (SOCIAL) *OVERALL SOCIAL *OVERALL Society (SOCIAL) *Product quality *Regulation *Resource scarcity/resources *Risk management *Shared value/societal value *Sponsoring/philanthropy/volunteering *Stakeholder engagement/dialogue/relations, Partnerships *Sustainability governance *Sustainable materials *Sustainable offering for customers *Sustainable supply chain *Talent/Employee
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3.6. Sustainability targets and goals

The aim is to identify the most common topics in sustainability target setting by some of the world's most sustainable companies. Categories are the same as in analysing the material topics (see 3.5. Material topics). Only targets clearly stated as targets (or equivalent) and set at least for year 2015 were selected. Targets were extracted from the reports until two levels; category and sub-category. This means that if targets were first titled under "Environment", then under "Climate change" and finally as "Reducing greenhouse gas emissions", only "Climate change" was selected as a target. However, in order to choose the correct category for each target, the most specific targets were revised. For example, Coca-Cola's (2015) material topic "Energy and climate" was categorized under energy (only the first mentioned topic is chosen) and in order to categorise targets "Choice – availability" and "Choice – portion size" under customer health and safety, the more specific targets were revised: "Ensure that all sparkling soft drinks are available in small portion size choices, and increase the availability of small packs" (see Table 6). Each category could only be selected once by each company, even though the same company would have two similar targets falling under the same category. Therefore it is possible to recognize how many companies have set targets in certain areas.

Targets were categorized according to the estimated dominance of the quantitative or qualitative targets. Also unclear target setting is notified. In addition, material topics and targets were compared within each company to find out if the company had set targets on the identified material topics.

Table 6. Examples of material topics and targets categorized under each topic .

Categories/ topics	*Sustainable supply chain	Emissions	Effluents and Waste	Occupational Health and Safety	Anti- corruption	Marketing Communications	*Efficient use of resources/ recycling/ circular economy	Customer Health and Safety	*Health/ safety/ security/ wellbeing	Energy	Water
Material topic (mentioned in reports)	"Responsible Supply Chains"	"Pollution"	"Solid waste"	"Employee Health & Safety"	"Corruption or bribery"	"Responsible marketing"	"Efficient use of resources and recycling management"	"No-/low-calorie alternatives"	"Wellbeing"	"Energy and climate"	"Water and Wastewater"
Targets (mentioned in reports)	"Supplier Sustainability" (Philips 2015)	"CO2 reduction" (Philips 2015)	"Solid waste" (Natura Cosmeticos 2015)	"Establish incident rate goal at <0.5" (Allergan 2015)	"No corruption" (Atlas Copco 2015)	"Ensure responsible marketing communication to children" (Nestlé 2015)	"Resource efficiency in the supply chain" (BMW 2015)	"Choice – availability" "Choice – portion size" "Nutritional information" (Coca-Cola 2015)	"Identify best practice on wellbeing and communicate more effectively where necessary, expand best practice." (British Land 2015)	"Energy and climate protection" (BASF 2015)	"A 15-percent reduction in water consumption per production unit." (Henkel 2015)

4. RESULTS

4.1. Some of the World's most sustainable companies

A total of 29 companies and their sustainability reports were analyzed. Additional nine companies were included in analyzing the appearance of the reports (see Figure 4). A subjective classification of the reports' appearance was conducted in order to recognize the best reports. The reports were evaluated on how ambitious they are in sustainability and how well their sustainability journey is transmitted through the report. The reports were assessed by how interesting, convincing, credible and reader-friendly the reports are without forgetting the structure and design of the reports. All 29 reports were compared with each other and classified into excellent reports, good reports and not so impressive reports.

Subjective quality evaluation of the reports (see Figure 4 and 5):

Blue, graded as 2 = excellent report

Green, graded as 1 = good report

Black, graded as 0 = fair report

Nine reports are excellent, four reports good and a total of 16 reports were graded as fair. Companies that have excellent reports are: Adidas, Biogen, BMW, Henkel, IKEA, Johnson & Johnson, Natura Cosmetics, Nestlé and Unilever. Other companies that were not included in the analysis but had excellent reports are: Air France-KLM, BG Group, LEGO, Outotec and Sodexo (see Figure 4).

In order to present the performance of each country in this study, the reports were graded between zero and two and the mean value for all reports within one country was calculated (see Figure 5). Excellent report was graded as two, good report was graded as one and fair reports as zero. Brazil has the most high mean value in the quality of the reports.

However, there is only one report coming from Brazil which has been graded as excellent. Germany has the next highest quality of reports as there are five reports from Germany and the average of the reports' quality is 1.2 which corresponds to better than good. South Korea, Sweden and Switzerland all have good reports as their mean value of report quality is 1.0. Companies from Netherlands, Norway, Singapore, United Kingdom and United

States of America all have fair reports (mean value 0-0.67).

1. Adidas	18. Marks & Spencer	• Air France-KLM
2. Akzo Nobel		• Apple Inc.
3. Allergan	19. National Australia Bank	• BG Group
4. Atlas Copco	20. Natura Cosmeticos	• LEGO
5. BASF	21. Nestlé	• Novo Nordisk
6. Biogen	22. Philips	• Outotec
7. BMW	23. Renault	• Sodexo
8. British Land	24. Roche Holding	• Statoil
9. Coca-Cola	25. Samsung Electronics	• UPM
10. DNB	26. Schneider Electric	
11. General Electric	27. Siemens	
12. Henkel	28. Unilever	
13. IKEA	29. Westpac Banking Corp	
14. Johnson & Johnson		
15. Keppel Land		
16. Kesko		
17. LG Electronics	Other companies:	

Excellent
Good
Fair

Figure 4. Subjective quality evaluation of the reports' appearance. The 29 companies chosen for this study in alphabetical order by company name. Additional nine companies which did not meet the criteria (see 3. 1. Content analysis and the research sample) were not taken into consideration in the content analysis. Colors refer to the subjective evaluation of the report

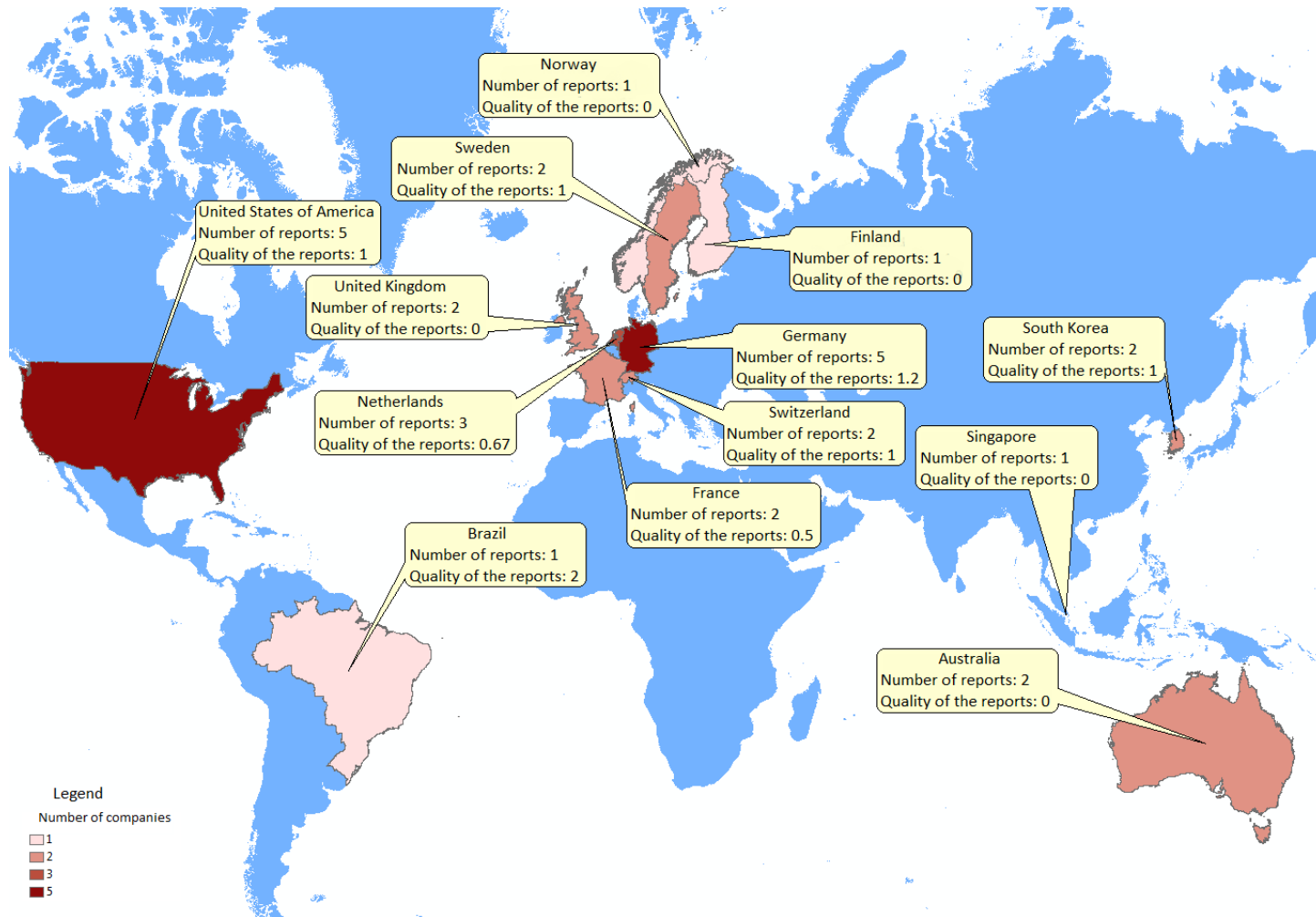


Figure 5. Companies are distributed among 13 different countries. The quality of the reports present the mean value of the reports' quality grade. Reports were graded between zero (fair) and two (excellent) and the mean value for all reports within one country was calculated.

In total, 29 sustainability reporters were selected according to their performance in the most known sustainability indices globally (see 3.1. Research sample). In addition to these indices, seven companies are also included in the 50 world's most admired companies in 2015 by Fortune (Fortune 2015) and sixteen companies are included in the Fortune Global 500 list in 2015 (Fortune Global 500) as being among the world's 500 largest companies.

All 29 companies are private companies. Fifteen (52 %) companies are Multinational Enterprises (MNE) and fourteen (48 %) companies are large companies as illustrated in the Figure 6.

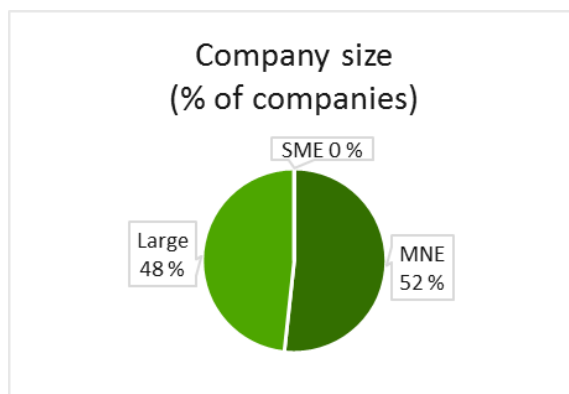


Figure 6. 52 % of the companies are Multinational Enterprises and 48 % of the companies are large.

Industries are relatively evenly distributed among the companies (see Figure 7); four (14 %) companies are retailers, whereas health care products, food and beverage products, household and personal products and financial services are all represented by three (10 %) companies.

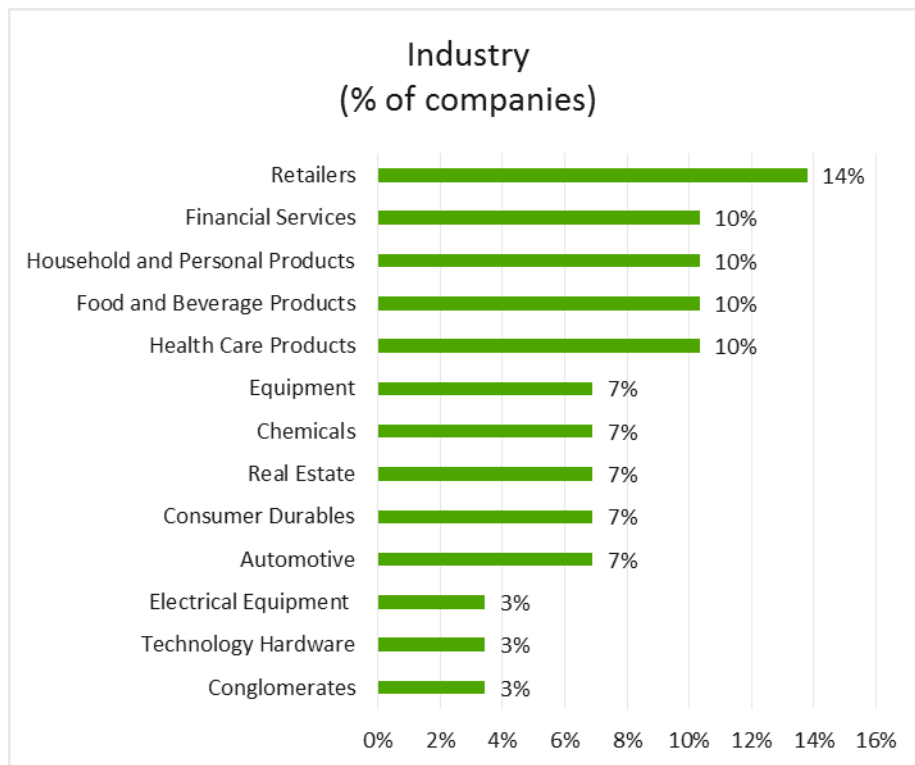


Figure 7. Companies sorted by industry. Most of the companies (14 %) are retailers.

As illustrated in Figures 8 and 9, most of the companies (62 %) come from eight European countries and most of these companies (17 %) are registered in Germany. Second most reporters (21 %) come from Americas, where five companies' country of registration is USA and one reporter (3 %) come from Brazil. Reporters coming from Asia Pacific (17 %) are from Australia (17%), Korea (7 %) or Singapore (3 %).

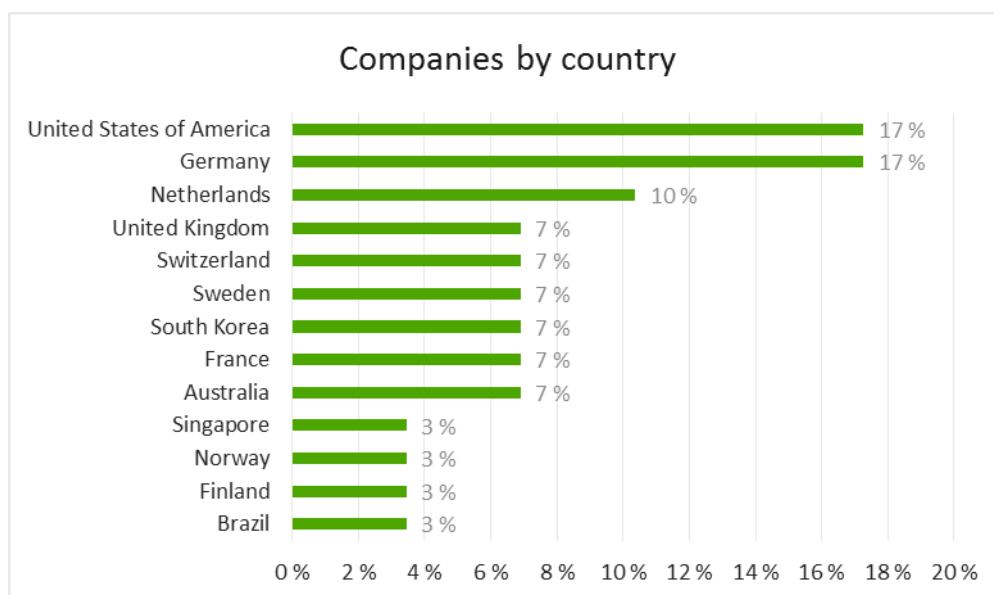


Figure 8. Most of the companies' country of origin is Germany or USA (17 %).

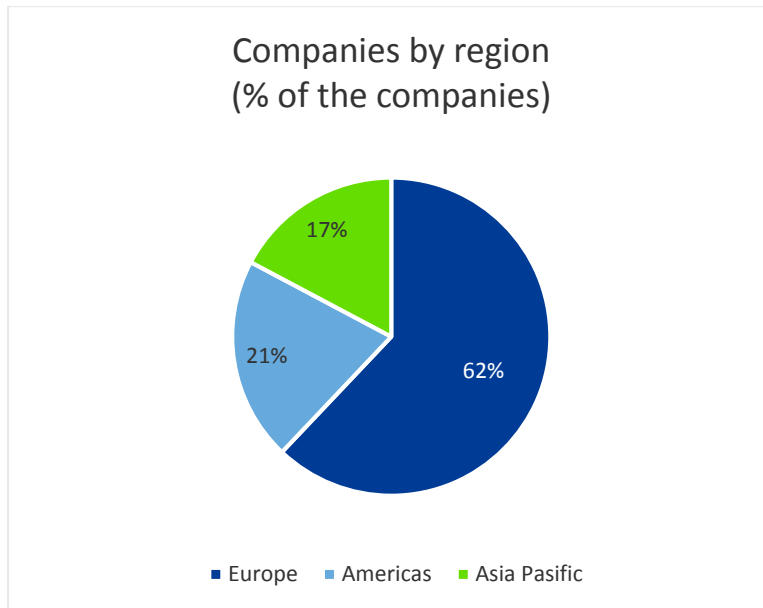


Figure 9. Companies sorted by regions. Over half of the reporters come from Europe (62 %).

Figure 10 shows that eighteen (62 %) reporters disclose sustainability matters in a separate, stand-alone CSR report. Eleven (38 %) reporters include sustainability matters in their annual report. Three (10 %) reports state that their reports have been prepared in line with the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> framework. These reporters are National Australia Bank, Natura Cosméticos and Philips. Philips has published seven integrated reports that are in line with IIRC (2016). Two (7 %) reports include elements from the IIRC principles and one company's goal for 2016 is to adopt the principles.

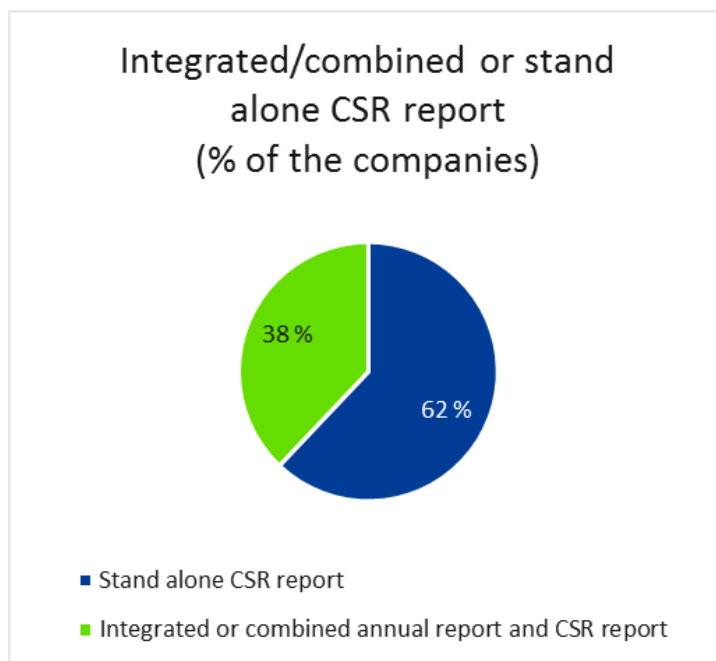


Figure 10. Most of the companies publish a separate CSR report (62 %) instead of combining the CSR report and the annual report.

All reports are written according to the GRI Sustainability Reporting Framework. Figure 11 presents that a clear majority with 22 (76 %) reporters apply the G4 guidelines. Whereas the older versions of the GRI guidelines are more rarely used: G3.1 by four (14 %) and G3 by three (10%) reporters.

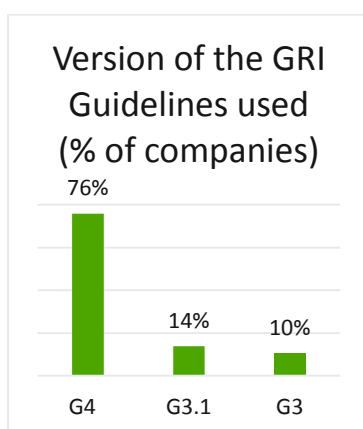


Figure 11. The latest version of the GRI Guidelines, G4, is clearly most commonly used (76 %).

Due to the high amount of G4 guidelines, Core is the most popular in accordance option with eleven (38 %) reporters (see Figure 12). Seven reports' in accordance option is undeclared, referenced or not mentioned. G4 guidelines is reported according to the comprehensive option by five (17%) companies. Application levels for G3.1 and G3 are

used by six reporters, where A and B are both applied by one reporter and B+ and A+ (corresponding to externally assured report) are referring to two (7 %) companies.

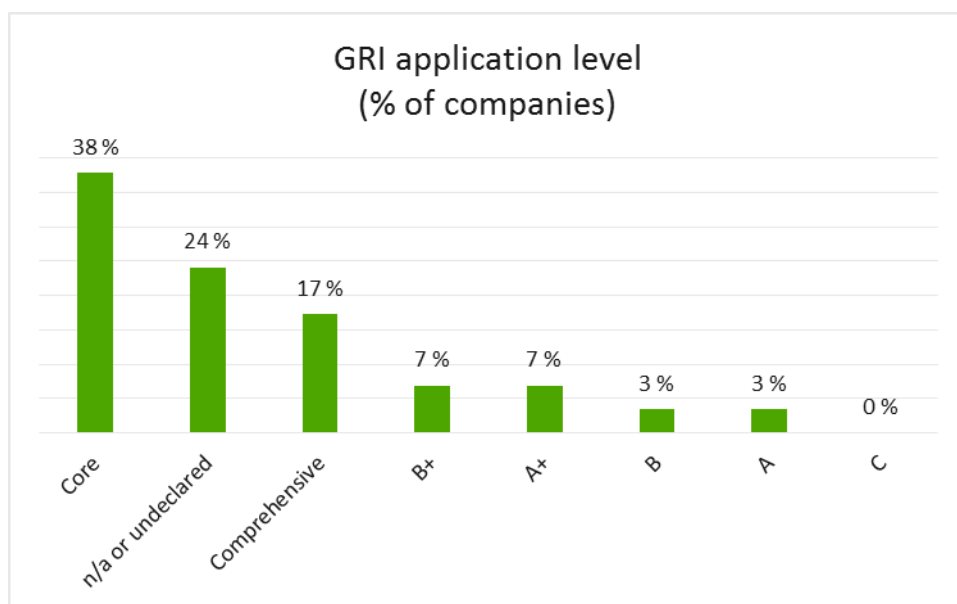


Figure 12. GRI G4 in accordance option “Core” is the most common option (38 %), followed by the “Comprehensive” option.

Figure 13 illustrates that sixteen (55 %) reporters use a separate GRI Content Index and thirteen (45 %) companies’ Indices are included in the reports.

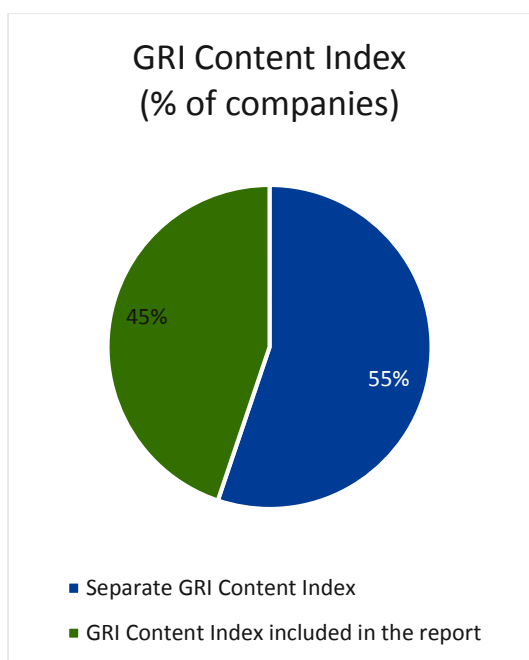


Figure 13. Majority of the companies that have a GRI Content Index publish it as a separate document (55 %).

4.2. Sustainability plan, strategy, vision or approach

4.2.1. Empirical findings from the content analysis

Figure 14 shows that eighteen (75 %) companies describe their sustainability plan, strategy, vision or general approach to sustainable development as to create well-being, added, shared value or lasting value. Fourteen (58 %) companies define that sustainability is part or at the heart of their strategy and as many reporters state that sustainability is embedded in all or increasing part of the company's activities, value chain or operations. Thirteen (54 %) reporters emphasize the importance of sustainability and innovation or product and service development. The importance of long-term sustainable business success, profit or growth is highlighted more often (38%) than minimizing risks (17 %).

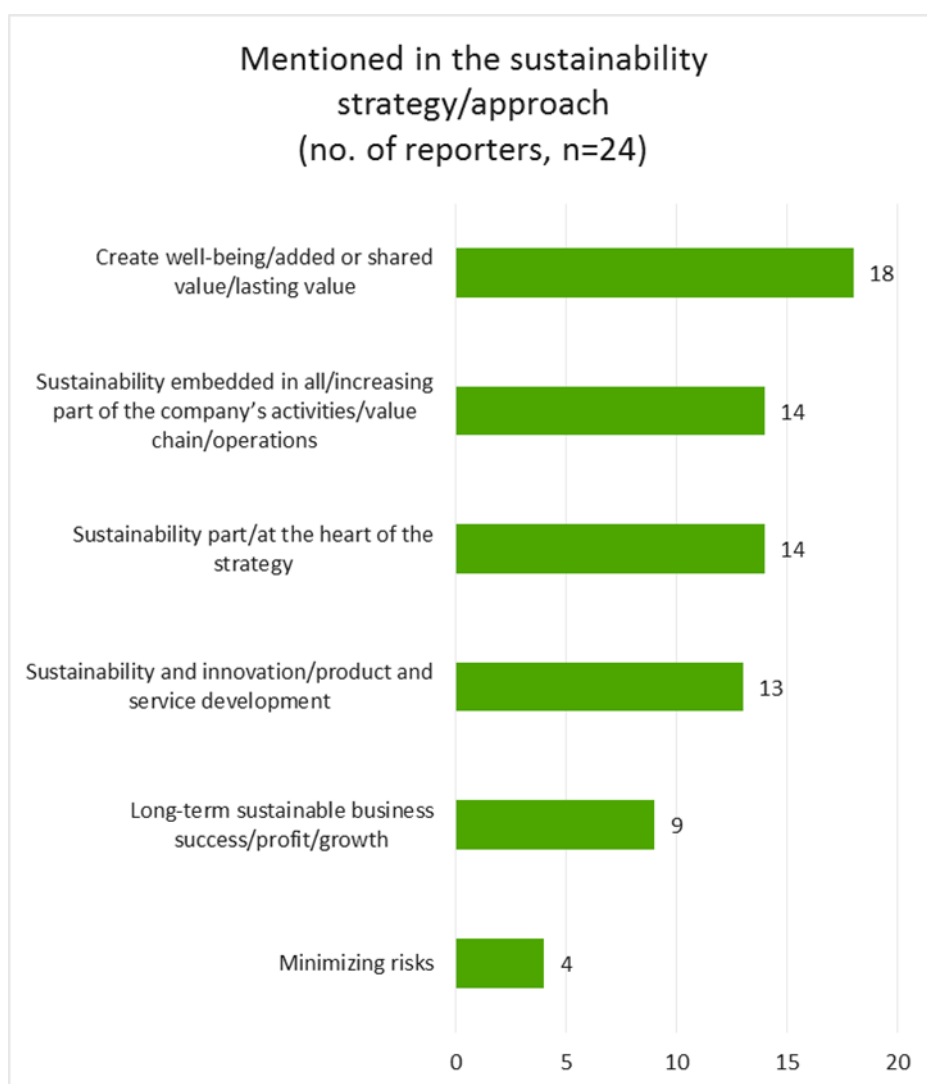


Figure 14. Create well-being, added or shared value/lasting value is mentioned most often (18 companies) in the reports' sustainability strategies.

Creating shared or added value and different ambitious statements are visible when the companies are for example committing to “a positive impact on society and the environment, thus creating shared value.” (Atlas Copco 2015), or describing their approach to CSR as following: “At GE, sustainability means aligning our business strategy to meet societal needs, while minimizing environmental impact and advancing social development.” (General Electric 2015), “We build a better society together” (Kesko 2015), “Embracing societal change” (Westpac 2015), “Take a lead in creating a better life for the people and communities impacted by our business.” (IKEA 2015) and “We believe that our success lies in our ability to develop strategies where both industry and society benefit in a sustainable way.” (Roche 2015).

Several companies recognize their business environment and the sustainability context they operate in. Adidas (2015) for example describe their sustainability strategy as following: “our sustainability strategy has to be permanently under review and evolve to tackle the key social and environmental impacts of our operations on the ground.” Outotec’s report is a good example of a report that focus on the sustainability context where their mission “Sustainable use of Earth’s natural resources” is visible throughout the report. Most of the companies recognize their leadership in the industry and are committed to set an example of doing sustainable business or are committed to leadership in sustainability (for example Henkel, Nestlé, Outotec).

The following features are in common among the best reports: an ambitious vision and a sustainability strategy are visible throughout the reports. IKEA (2015) emphasizes the positive impact of their operations: “We have decided that rather than simply reducing the harmful impact of our business, we will go further. We want to make a positive difference for our customers, co-workers, suppliers and the planet.” whereas Keppel Land (2015) declares: “We aim to become a leading global company, respected for innovative solutions in our businesses and for touching lives wherever we operate.

Many of the forerunners of CSR have a sustainability plan and understand the marketing value of a distinctive sustainability plan name such as: “People, Product, Planet, Partnership” (Adidas 2015), “Factor 3” – “ambition to become three times more efficient” (Henkel 2015), “Drive the Change” (Renault 2015) and “NovoNordisk Way” (Novo Nordisk 2015).

4.2.2. Best practices from the reports

SUSTAINABILITY PLAN

**DELIVER
FOR
TODAY** | **INSPIRE
FOR
TOMORROW**

Our sustainability vision

We will deliver for today, growing a low-carbon, zero-waste business, and inspire and lead change for a more sustainable tomorrow.

Our strategic priorities

Deliver for today

On our commitments and targets



Lead the industry

In Energy and Climate Change and Sustainable Packaging and Recycling



Innovate for the future

Opportunities for innovation, collaboration and partnership

Figure 15. Coca-Cola's sustainability program in a compact picture (Coca Cola 2015: 5).

One of the best examples of reporting on sustainability strategy is Coca-Cola's (2015: 5) figure illustrating their sustainability plan (see Figure 15). The image has a good structure and the main points are clearly visible: the name of the plan, vision for sustainability and strategic priorities with symbols representing the material topics. The name of the plan is memorable: Deliver for today – Inspire for tomorrow. Coca-Cola has an ambitious strategic priority to “Lead the industry”. The same topics that are visible in the content analysis are also visible in Coca-Cola's figure: energy, climate change, sustainable packaging and recycling, innovation, and collaboration and partnership. Symbols that present the material topics are used throughout the report. Symbols and colors lighten up the report and increase reader-friendliness (Coca Cola 2015: 5).

Our sustainability strategy at a glance

Our value	We are committed to leadership in sustainability .
Our strategy	Achieving more with less: We create more value for our customers and consumers, for the communities we operate in, and for our company – at a reduced environmental footprint.
Our goal and implementation	<p>20-year goal for 2030: Triple the value we create for the footprint made by our operations, products and services. We summarize this ambition to become three times more efficient as "Factor 3."</p> <p>5-year targets for 2015: With our 20-year goal in mind, we have set concrete interim targets for our focal areas (see graphic below).</p> <p>Six focal areas: We concentrate our activities along the value chain on six focal areas that reflect the challenges of sustainable development as they relate to our operations.</p> <p>Three strategic principles: To successfully implement our strategy, we have defined three strategic principles:</p> <p><i>Our products deliver more value at a reduced environmental footprint.</i> <i>Our partners are key to driving sustainability along our value chain.</i> <i>Our people make the difference – with their commitment, skills and knowledge.</i></p>

Our focal areas and targets for the five-year period from 2011 to 2015



Kathrin Menges
Executive Vice President
Human Resources and
Chair of Henkel's
Sustainability Council

Dear Friends of the Company,

We are committed to leadership in sustainability. This is both our ambition and one of our core corporate values. To us, it is not only a responsibility, but also an opportunity to continuously improve and to strengthen our competitiveness.

Our actions are rooted in our strategy of achieving more with less. By 2030, we want to increase our efficiency by "Factor 3." To reach this ambitious goal, we have defined concrete interim targets for the period up to the end of 2015. By the end of 2014, we had already met four of these targets ahead of schedule.

Our employees play a key role in achieving these successes. One example is our Sustainability Ambassador program: Since its launch in July 2012, more than 3,800 employees around the world have become ambassadors and explored the challenges of sustainable development. They pass on their knowledge to colleagues, suppliers, customers and students. Through a specially designed program, they have been able to reach around 36,000 schoolchildren in 37 countries.

Many of our employees gain valuable insights through regular contact with stakeholders. In 2014, we also interviewed stakeholders in important markets to learn about their expectations regarding sustainable business models. The findings will help us take our strategy and stakeholder engagement forward.

Our achievements in sustainability were recognized once again in 2014 with leading positions in various national and international sustainability ratings and indices.

Although we have already made considerable progress in decoupling growth from resource use, there are still many challenges ahead. However, with our clear strategy and ambitious goals, we are well equipped to meet these challenges and will continue to shape a sustainable future.

Kathrin Menges

Kathrin Menges
Executive Vice President Human Resources
and Chair of Henkel's Sustainability Council



How Henkel continues to work
toward sustainable development:
an interview with Kathrin Menges

Figure 16. Henkel's impressive sustainability report's opening (Henkel 2015: 1).

Another excellent example of reporting on sustainability strategy is Henkel's sustainability report's opening with an informative two-page spread (see Figure 16). The report starts by introducing Henkel's sustainability strategy in a compact and clear way. The reader become quickly familiar with Henkel's values, strategy and the targets of the "Factor 3" sustainability program. Henkel illustrates the identified material topics with symbols and targets have clearly set on those areas for a five-year period. Henkel has found a smart way of presenting targets that are based on delivering more value at a reduced footprint. The opening by The Executive Vice President of Human Resources and Chair of Henkel's Sustainability Council gives a positive signal of sustainability's importance for Henkel. The report starts with a personal touch with words "Dear Friends of the Company" that are handwritten. She continues with an ambitious statement: "We are committed to leadership in sustainability." (Henkel 2015: 1).



Figure 17. LEGO's fun way of reporting on their mission, aspiration, promises, spirit and values (LEGO 2015: 3).

There is no doubt that the Figure 17 belongs to LEGO (2015: 3). LEGO's distinctive characteristics are utilized in a smart way making the reading experience fun and enjoyable. LEGO's mission, aspiration, promises, spirit and values are presented by using imagination, creativity and delivered with high quality – according to their values. The best reports use colorful graphics and creative design as seen in the LEGO's report. (LEGO 2015: 3)

4.3. Materiality assessment

4.3.1. Empirical findings from the content analysis

Six (21 %) companies out of 29 have an unclear or insufficient materiality assessment process description and therefore 23 companies' materiality assessment processes were more closely studied. Five (17%) companies mention getting support from an external consulting firm for their materiality assessment process. IKEA has an External Advisory Council which was engaged in the process. As a part of their materiality assessment process, eight (28 %) companies looked into sustainability trends impacting the industry or matters raised by financial and sustainability oriented institutions, analysts or other relevant actors in sustainability.

Nine companies (39 %) created topic pools of possible material topics. They were created internally or doing a study (eight (35 %) companies) on which sustainability trends are impacting the industry, which matters have been raised by financial and sustainability oriented institutions, analysts, ratings, guidelines or investor associations (e.g. GRI, Global Compact, RobecoSAM, The Dutch Association of Investors for Sustainable Development (VBDO)) or benchmarking the peer company reports.

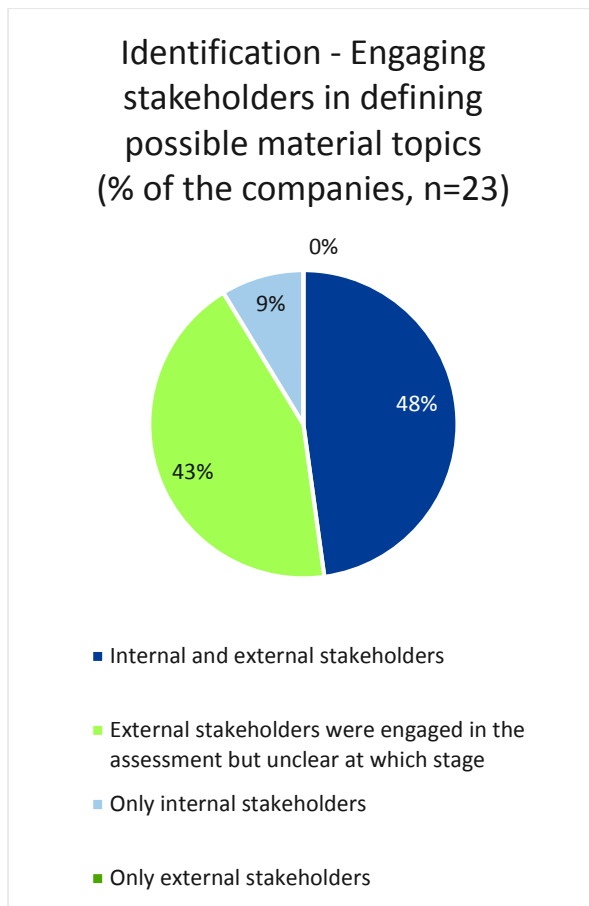


Figure 18. Eleven companies (48 %) out of 23 identified the matters that could be the most important topics for the company by engaging both internal and external stakeholders.

The first (identifying) and second step (prioritizing) to define material topics and material Aspects was done in collaboration with internal and external stakeholders (see 2.5.4. Materiality). Figures 18 and 19 show that eleven (48 %) companies at the first step and nine (39 %) companies at the second step of the assessment engaged both internal and external stakeholders. Ten (43%) companies' external stakeholders were engaged in the assessment but it was unclear at which stage of the process. Only internal stakeholders were engaged by two (9%) companies at the identification phase and by four (39%) companies at the prioritization phase.

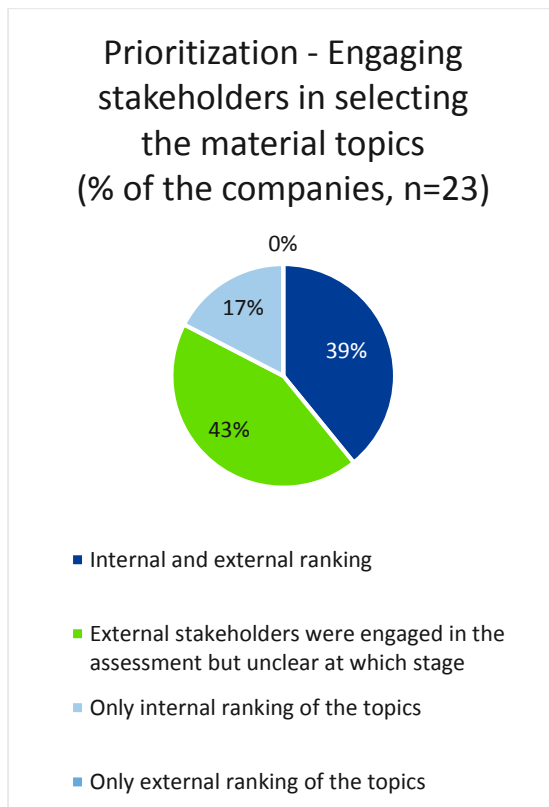


Figure 19. 39 % of the companies selected the most important topics for the company by engaging both internal and external stakeholders.

Significant majority (78 %) of the companies prioritized topics as material according to their significance to stakeholders and impact on the company's business (see Figure 20). Five (22 %) companies emphasized the importance of those sustainability matters that reflect the company's significant (economic, environmental and social) impacts and four (17 %) companies assessed in which areas the company has an unique potential for a positive impact. Three (13%) companies valued topics only according to their relevance for the company.

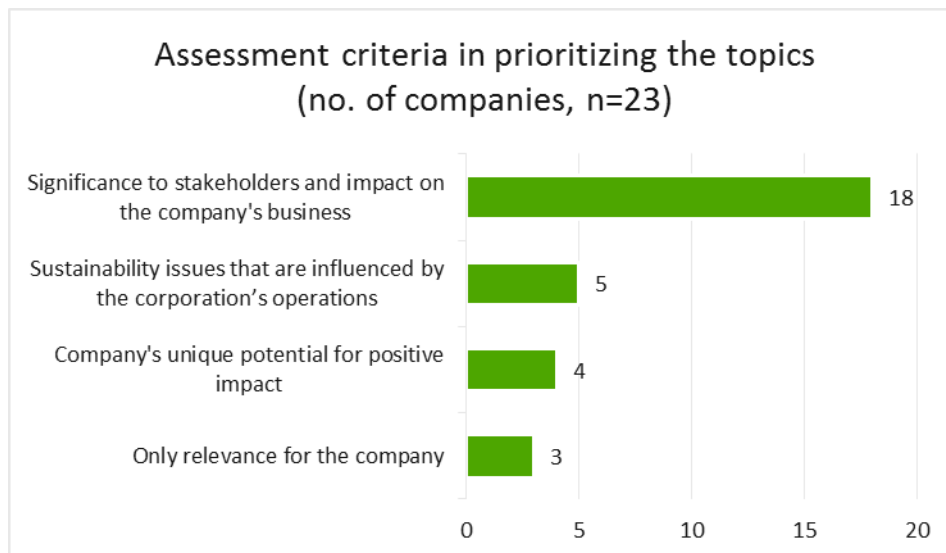


Figure 20. The most important topics for the company were selected according to the significance to stakeholders and impact on the company's business.

Figure 21 illustrates methods used in the materiality assessment process. Surveys or interviews are clearly the most common methods used (43 %) with 18 companies out of 23 companies. Utilizing the results of a previous survey or updating a previous survey is mentioned by five (26 %) companies. Roundtables, seminars, workshops or panels were used by five (22%) companies, dialogues by four (17%), media analysis by three (13%) and risk mapping by two (9%) reporters.

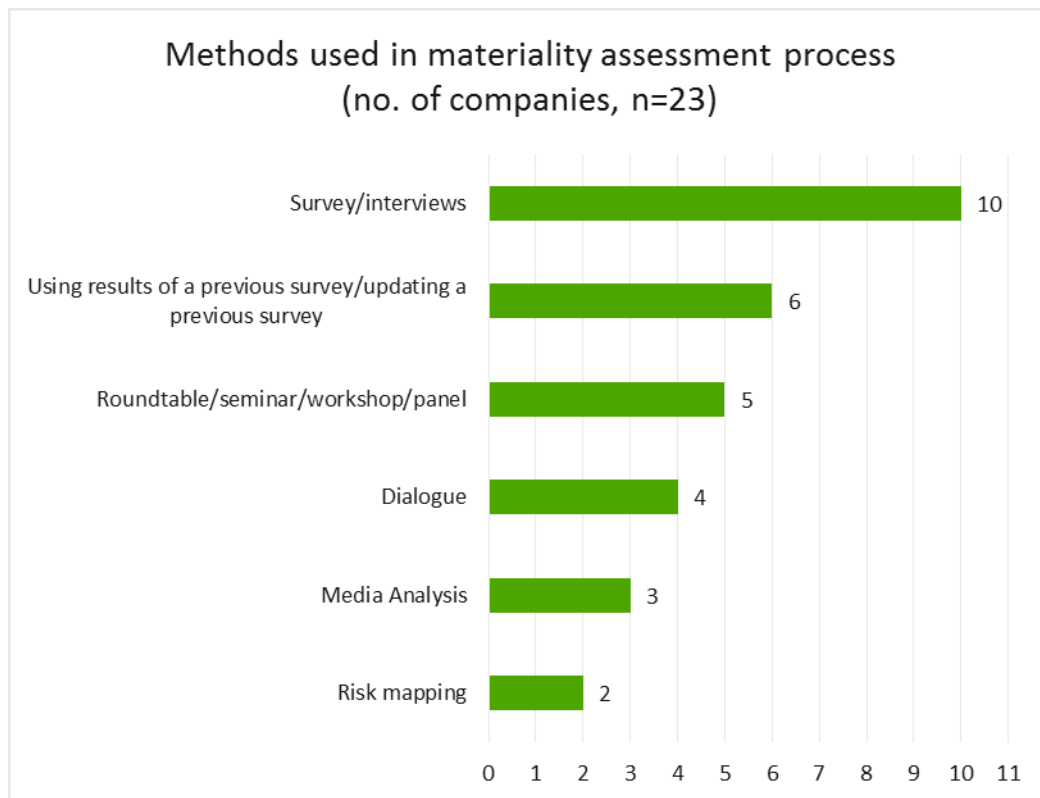


Figure 21. Survey(s) or interviews were the most common methods used in the whole materiality assessment process.

In summary, the most common materiality assessment process among some of the world's most sustainable companies is the following:

1. First step: Identifying the possible material topics and Aspects in collaboration with internal and external stakeholders.
2. Second step: Prioritizing material topics in collaboration with internal and external stakeholders, by evaluating the topics' significance to stakeholders and impact on the company's business.
3. Methods: Materiality assessment process includes surveys and/or interviews.
4. Best practices: the importance of those sustainability matters that reflect the company's significant (economic, environmental and social) impacts and assessing in which areas the company has an unique potential for a positive impact

4.3.2. Best practices from the reports

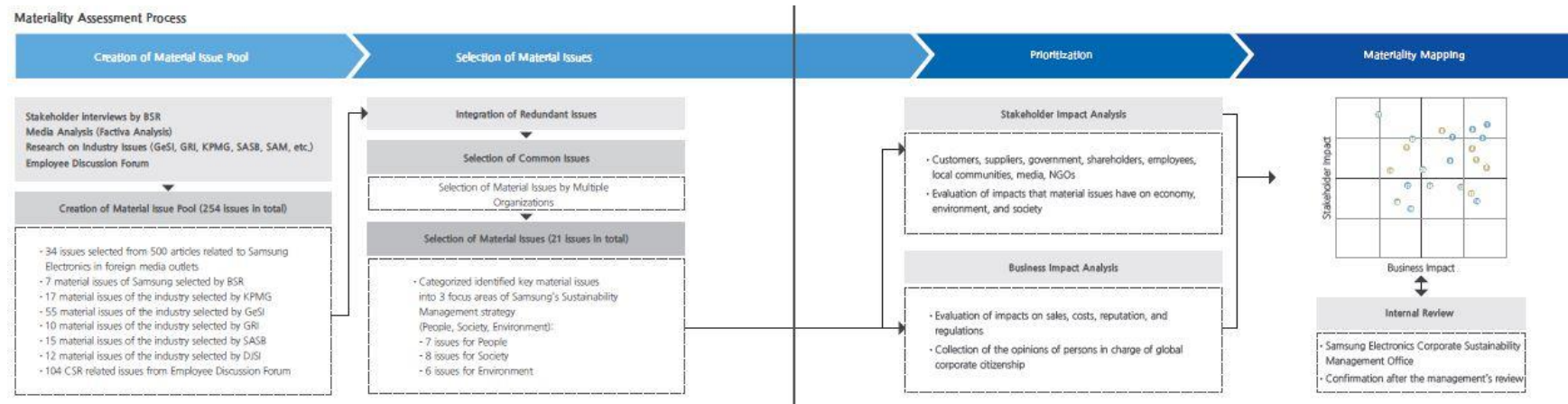


Figure 22. Samsung's comprehensive materiality assessment process in a chart (Samsung 2015: 18-19).

Samsung's chart presenting their materiality assessment as well as the process itself stood out from other reports. The process is comprehensive and the figure above presents it in a clear way. The steps are applied from the G4 guidelines and the figure presents each step in a comprehensive way. In addition, Samsung's process description is an example of the most common materiality assessment process among some of the world's most sustainable companies: identifying and prioritizing the possible material topics and Aspects in collaboration with internal and external stakeholders by evaluating the topics' significance to stakeholders and impact on the company's business.

In addition, the assessment included interviews, media analysis and looking into matters raised by financial and sustainability oriented institutions, analysts or other relevant actors in sustainability.

4.4. Material topics

4.4.1. Empirical findings from the content analysis

Ten (34 %) companies do not report on their materiality matrix whereas 19 (66 %) companies have a materiality matrix. Five (17 %) companies that do not report on their materiality matrix have not recognized any material topics but have prioritized topics within sustainability and/or the report is structured according to certain sustainability topics. There was one company whose most relevant topics were not able to be recognized.

Figure shows that topics are rather broadly distributed among the different 71 topics; the companies have chosen 57 different topics as material (80 %) out of 71 topics. Companies also have identified several material topics. The results also show that the level of different material topics vary significantly. For example topics vary within one company from CEO compensation to environmental impacts. Sustainable supply chain is the most common topic among 28 CSR reporters with 17 (61%) reporters. Material topics related to energy and water are recognized by fifteen (54%) reporters. Six out of the ten most common materiality topics were coded under different categories than the G4 Aspects.

Not all topics were able to be categorized because of their specificity or broadness (see 3. Methodology). Some of the categories are linked to megatrends but three companies differ from others in emphasizing several different megatrends. BMW, Philips and Schneider Electric recognized megatrends such as digital economy, urbanization, demographic change, expanding middle class in growth geographies, aging population and sustainable cities as their material topics. In addition, Biogen, General Electric and Schneider Electric have recognized emerging markets or developing countries as their material topic whereas Biogen, BMW and Siemens defined corporate citizenship as theirs.

Material topics (no. of companies)



Figure 23. Material topics reported by 28 companies. The most common topic is sustainable supply chain (17 companies). Other 29 topics created in addition to the G4 Aspects are marked with “*”.

Most of the Aspects and other material topics fall under the environmental Category (6 on average) as shown in the Figure 24. Topics under the social (3,4 on average) and economic (2,4 on average) Categories were reported significantly less often.

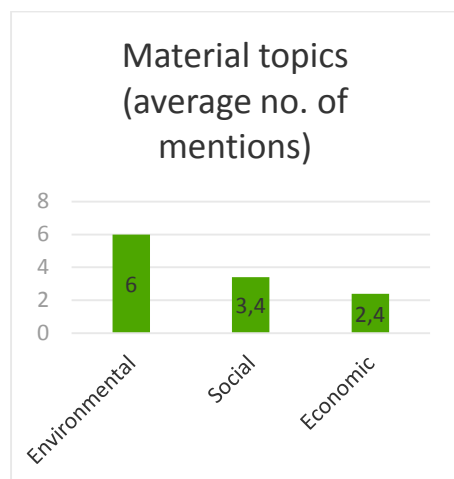


Figure 24. Aspects and other material topics reported by 28 companies according to environmental, social and economic Categories (includes the “overall...” -classes). Most of the material topics are related to environment (6 on average).

Most of the topics are overall social (6 on average) topics and almost as often the topics fall under the sub-Category of labor practices and decent work (5 on average) (see Table 7). Aspects and other material topics were less often reported within the sub-Categories of product responsibility (3,8 on average), society (2,7 on average) and human rights (0,7 on average).

Table 7. Aspects and other material topics reported by 28 companies.







Material topics (average no. of mentions)	
Social Category	3,4
*Overall Social	6
Labour practices and decent work	5
Product responsibility	3,8
Society	2,7
Human Rights	0,7

Material topics according to the social Category’s four sub-Categories and overall social topics. Most of the topics are reported in overall social (6 on average) topics and in labor practices and decent work (5 on average).

4.4.2. Best practices from the reports

MATERIAL ISSUES – G4 ASPECTS | MAPPING

Based on the material issues identified by our stakeholders, we've mapped these against the GRI G4 Aspects, and identified the external boundaries associated with each. The reporting information in each of our factsheets has been developed carefully to cover the G4 Aspects on an issue-by-issue basis. Within these aspects, the CCE boundary always covers all territories where CCE has operations.

Priority Issues	 Wellbeing	 Climate Change	 Resource Scarcity	 Water Stewardship	 Sustainable Sourcing	 Employment and Diversity
COMMITMENT AREA	WELLBEING	ENERGY AND CLIMATE CHANGE	SUSTAINABLE PACKAGING AND RECYCLING	WATER	SUSTAINABLE SOURCING	WORKPLACE AND COMMUNITY
Factsheets	6-8	9-13	14-16	17-19	20-22	23-26
G4 Aspects	Customer health and safety Marketing communications Compliance Product and service labeling	Overall Emissions Energy Transport Effluents and waste	Overall Materials Environment: Product and services	Overall Water Effluents and waste Compliance	Materials Water Supplier environmental assessment Supplier assessment for labor practices Supplier human rights assessment Supplier assessment for impacts on society	Indirect economic impacts Economic performance Local communities Diversity and equal opportunity Equal remuneration for men and women Occupational health and safety Employment Training and education Anti-Corruption Public Policy
External Boundary	Customers Consumers TCCC	TCCC Suppliers Customers Consumers	TCCC Suppliers Customers Consumers	Communities	TCCC Suppliers	Communities

¹ In conjunction with the Coca-Cola Company.

² Against a 2010 baseline.

Figure 25. Coca-Cola's material issues, Aspects and external boundary represented in an informative table (Coca Cola 2015: factsheet 27).

Coca-Cola's image presented in Figure 25 is one of the best examples of how G4 Aspects and external boundary can be linked to priority matters and illustrated in a clear and interesting way. Priority matters and their symbols that were used in describing Coca-Cola's sustainability plan are bound with G4 terminology and the process has been explained. The figure also helps the reader to navigate through the report. In addition, some of the most common material topics that stood out from the content analysis are also visible in Coca-Cola's image: sustainable supply chain, energy, water, climate change, health/ safety/security/wellbeing, efficient use of resources/recycling/circular economy, diversity and equal opportunity, efficient use of resources/recycling/circular economy, effluents and waste and occupational health and safety.

4.5. Targets and goals

4.5.1. Empirical findings from the content analysis

Topics where companies have set targets in are almost as widely distributed as the defined material topics (see Figure 23 and 26). The companies have set targets in 46 different topics (65 %) out of 71 topics. The results also show that the level of different targets vary significantly. The targets vary within and among the companies from qualitative wide-scope targets to specific quantitative targets. As illustrated in the figure 29 reporters set mainly both quantitative and qualitative targets (52 %). Six (21 %) reports list targets that are dominated by quantitative targets and as many companies do not set clear targets. Two (7 %) companies set mainly qualitative targets.

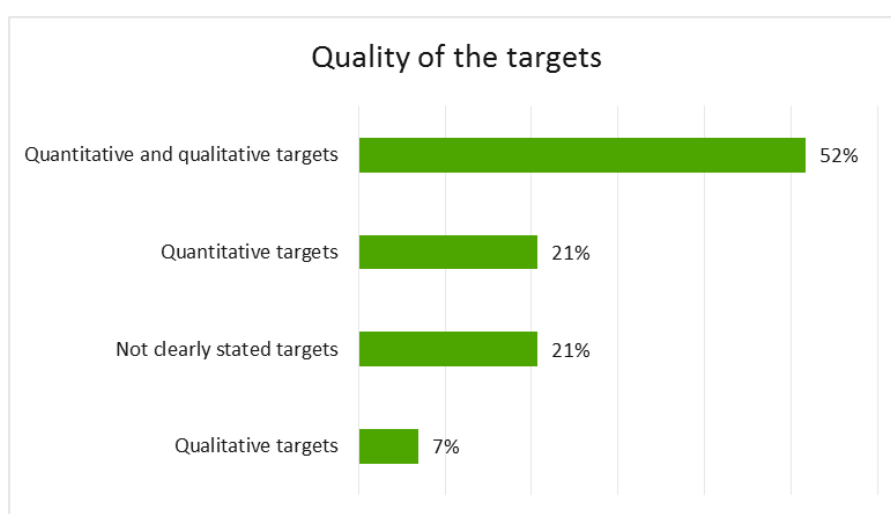


Figure 26. Both quantitative and qualitative targets are set most often (52 %).



Figure 27. Targets set in different areas by 23 companies. Targets are most commonly set in emissions and occupational health and safety.

Figure 26 shows that fourteen (61 %) companies have set targets in emissions and thirteen (57%) in occupational health and safety. Twelve (52 %) companies have set targets in energy, water and sustainable supply chain.

Figure 27 shows that most of the targets fall under the environmental Category (5,9 on average). Targets set under the social (2,4 on average) and economic (1,2 on average) Categories are not as common. Material topics follow the same pattern as in material topics where targets related to environmental topics are most common and targets set under the economic Category are least common.

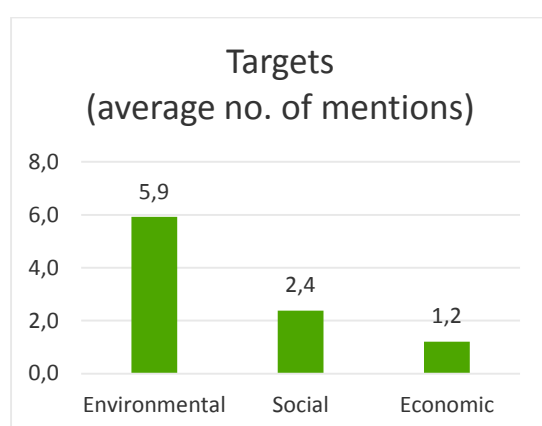


Figure 28. Targets set under environmental, social and economic Categories by 23 companies. Targets are most often related to environment (5,9 on average).

Figure 28 presents that most of the targets fall under the sub-Category of labor practices and decent work (4,6 on average). Targets were less often set under the sub-Category of product responsibility (2,7 on average) and in overall social topics (2,0 on average). Targets for society (1,4 on average) and human rights (0,8 on average) are least common. Sub-Categories follow the same order as in material topics when organizing the most common sub-Categories except the additional, broad category of “Overall Social” is third least common (2 on average) category.

Table 8. Targets set by 23 companies. Targets according to the social Category's four sub-Categories and overall social topics. Targets are most often related to the sub-Categories of labor practices and decent work (4,6 on average) and product responsibility (2,7 on average).

Targets (average no. of mentions)	
Social Category	2,4
Labour practices and decent work	4,6
Product responsibility	2,7
*Overall Social	2,0
Society	1,4
Human Rights	0,8

Figure 28 illustrates the correlation between the reporters' material topics and topics where targets have been set. The figure shows how many per cent of the companies have set targets in their selected material topics. There are targets set under 32 (45 %) identified material topics whereas 39 (55 %) topics are defined as material but these companies have not set targets in these areas. Most of the companies (60 %) who have recognized water and/or energy as their material topic have also set targets in these areas. Almost as many (58 %) companies that have defined health, safety, security or wellbeing as material have set targets in this area. Customer health and safety (57 %) and efficient use of resources, recycling or circular economy (56 %) are also common topics that have been recognized as material and where these companies have also set targets.

Although sustainable supply chain is the most common material topic (17 companies) and the third most common (12 companies) topic to set targets on, only eight (47 %) companies whose material topic is sustainable supply chain have set targets in this area. Twelve companies that have identified diversity and equal opportunity as their material Aspect only five of them have set targets in this area. Also for example innovation/R&D, local communities, stakeholder engagement/dialogue/relations or partnerships have been identified as a material topic by eleven companies but only three of those companies have set targets in this area. In addition, ten companies have identified ethics as their material topic but only three of them have set targets in this area. Seven companies have set targets in talent/employee management/attraction/retention/turnover but only one of these companies have set targets in this area. Also seven companies that have identified biodiversity as a material Aspect have not set any targets in this area.

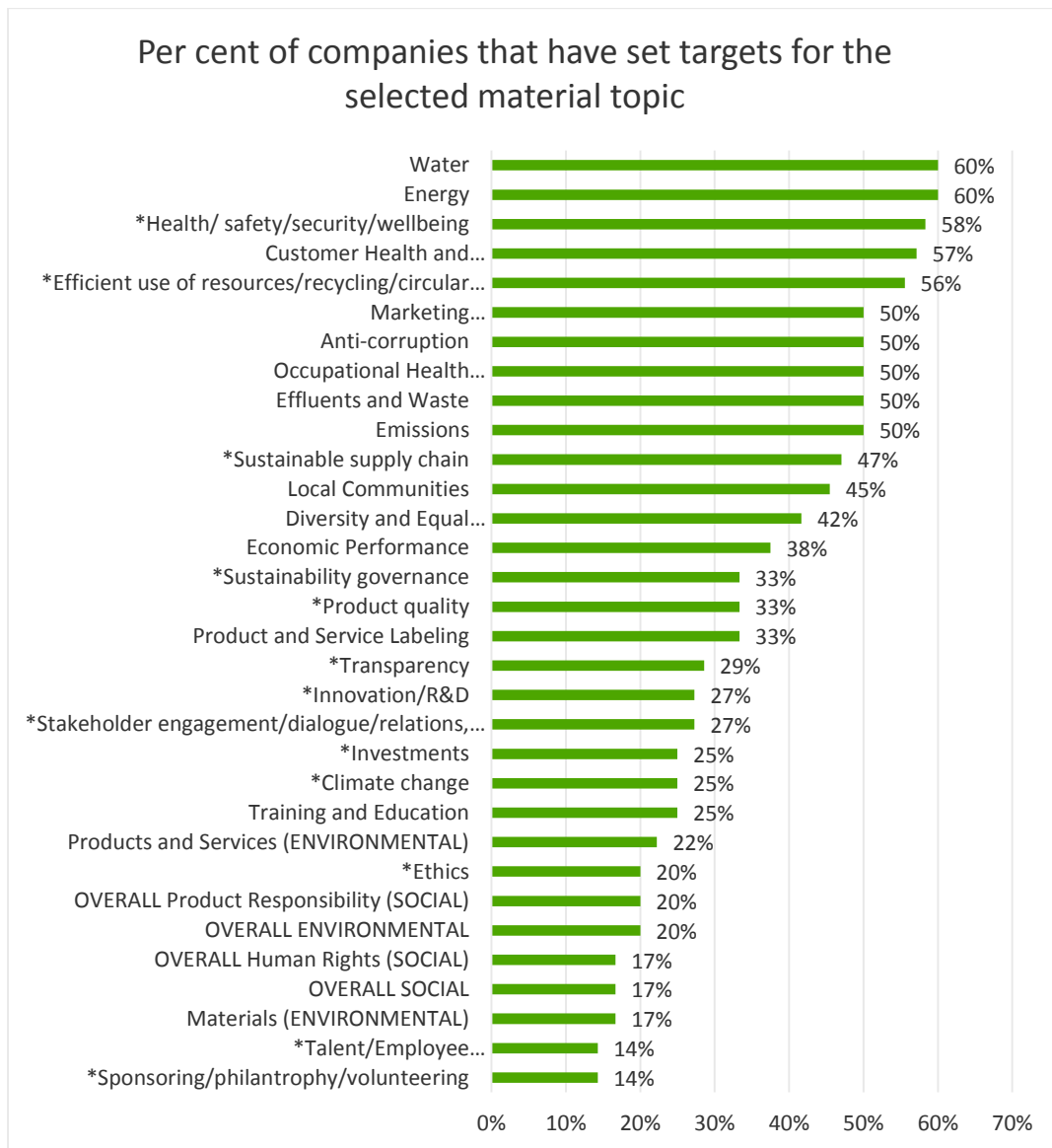


Figure 29. Per cent of companies that have set targets for their material topics. The figure represent the 28 companies reporting on material topics and 23 companies reporting on targets. Nine (60 %) companies which have recognized water or energy as their material topic have also set targets in these areas.

4.5.2. Best practices from the reports

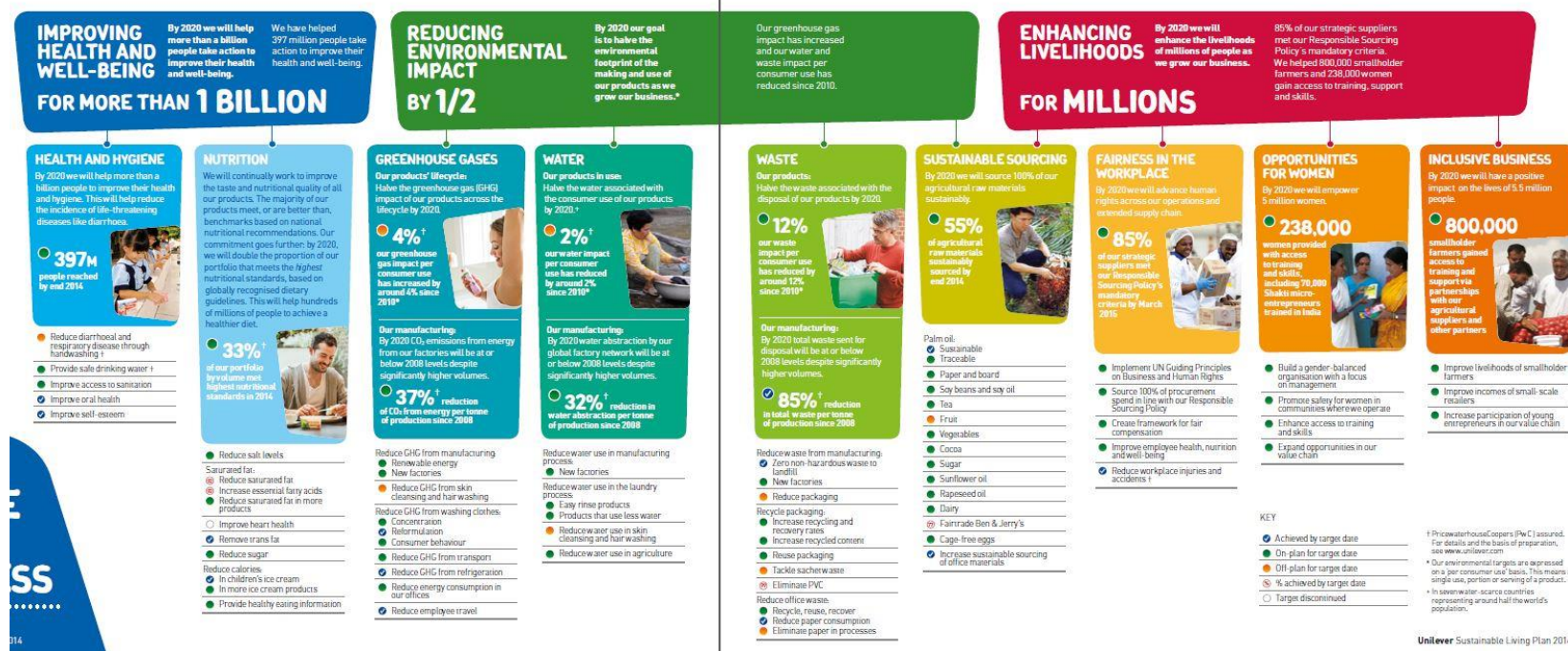


Figure 30. Unilever's sustainability program on an impressive pace (Unilever 2015a: 20-21).

Unilever has succeeded to present their multiple targets and performance in an impressive picture on a two-page spread. The picture illustrates how Unilever is delivering positive impact and added value for society with big overall goals at top of the figure. Unilever stands out from other reporters when it sets long term targets up to 2020. These long term targets also present Unilever's overall approach to sustainable development. The figure moves from very broad goals to specific targets without forgetting to disclose the performance in each target. Colors, pictures and symbols make the informative picture more interesting and easier to read.

LONG-TERM TARGETS FOR 2020

● Achieved ● Partially achieved ○ Not achieved

	Long-term target	Performance in 2014	GRI indicator
Economic and governance	<ul style="list-style-type: none"> Sales growing faster than the market Annual average service sales growth 10-20% EBITA margin (excluding one-time costs) 10% in 3-5 years time Dividends on average 40% of annual net income Gearing at maximum 50% 	<ul style="list-style-type: none"> Sales decreased by 27% from 2013. Service sales grew by 3% from 2013. Operating profit margin from business operations was 4% (2013: 8.5%). 	G4-EC1
Environmental	Share of Environmental Goods and Services (EGS) in Outotec's order intake permanently over 90%.	The share of EGS in order intake was 90% for the first time (2013: 87%).	G4-EN27
	Customers generate 20% less CO ₂ emissions, compared to industry average, through the use of Outotec's five metals-related technologies.	5.9 million tonnes of CO ₂ emissions avoided. This is equal to 20% reduction in CO ₂ emissions.	G4-EN27
	Generate more energy through our waste-to-energy solutions. The targeted annual reduction in the use of fossil fuels is comparable (on average) to 80 MWe power plants and 60 MWe steam boilers.	The annual reduction in the use of fossil fuels comparable to 60 MWe was achieved.	G4-EN27
	50% reduction in fresh water consumption per 1 tonne of ore, compared to the base line, in non-ferrous metals concentrators delivered by Outotec.	Mine and concentrator waste water management research projects are ongoing, targeting total mine water management and reduction in the mine site.	G4-EN27
Social	Improve employee engagement and performance enablement indices by 5% compared with 2013 by 2020. Engagement index was 69% and performance enablement index 67% in 2013.	Based on the 2013 survey results, several improvement initiatives related to collaboration and customer centricity were taken. The next survey will be in 2015.	G4-S6

ANNUAL TARGETS

● Achieved ● Partially achieved ○ Not achieved

	Annual target for 2014	Performance in 2014	Annual target for 2015	GRI indicator
Economic and governance	Code of Conduct implementation: 80% of personnel trained. All those unable to take the e-learning should receive class-room training instead.	● 60% of personnel were trained by the end of 2014.	Continues.	G4-SO4
	Suppliers: 95% of major suppliers committed to Outotec's Supplier Policy.	● Approximately 99% of major direct suppliers committed to our Supplier Policy.	Continues.	G4-EC9 G4-HR10
	Environment: Waste sorting best practices to be extended to 20 locations.	● Waste sorting best practices were extended to 22 locations. Actions included among others the replacement of paper and plastic cups with ceramic coffee mugs and the implementation of centralized waste recycling stations.	New environmental target in 2015 (see below).	G4-EN23
Environmental			Environment (NEW): Execution of energy audits at five locations with the highest energy consumption and identification of energy saving opportunities.	G4-EN6
	Reduction in CO₂ emissions in traveling: A 5% decrease in tonnes of CO ₂ flight emissions per million EUR sales annually through increases in virtual ways of working.	● Emissions per million EUR sales decreased by 8% due to a new Travel Policy that led to a decrease in business class trips (economy class flights produce less CO ₂ emissions compared to business class travel).	Continues.	G4-EN19
	Building reach and engagement in social media: Joining new local social media channels in China.	● Social media accounts established in Weibo and YouKu and used for postings in Chinese. Outotec has over 6,900 followers in Weibo.	Continues as normal business.	G4-S6
		In 2013 the engagement index was 69% and performance enablement index 67%.	Employee engagement (NEW): 1% improvement in employee engagement and performance enablement indices compared with 2013.	G4-S6
			Employee engagement (NEW): Outotec Experience program delivered in all market areas during 2015.	G4-S6
	Improving life balance and sustainable leadership: Global guidelines for remote working and flexible working time will be published.	● Global guidelines were not published, but the guidelines made for Finland, Australia and North America are available for other locations, and decision how to use or adapt those is made locally.	Continues as normal business.	G4-EN19
		Value-based performance evaluation was included in the performance dialogue tool. Outotec leadership profile was introduced.	Performance culture (NEW): Value-based performance targets set for 75% of employees. 100% of employees conduct.	G4-LA10
Social	Technology and Plant Safety Management (TPSM): TPM is included in all major new technology and plant delivery contracts globally.	○ TPM (renamed to Product Compliance) was included in 58% of major new orders.	Product Compliance (NEW): Harmonized product compliance management procedures in use globally.	G4-PR1
	Health and safety: Lost time injuries and serious incidents will be investigated, and 80% of the agreed actions will be executed within two months.	● 82% of actions executed within two months (33 cases in total, six of which did not fulfill the criteria).	Health and safety (NEW): 4,000 completed EHS e-learning courses in 2015.	G4-LA6

Figure 31. Outotec's long term and annual targets with performance in an informative table (Outotec 2015: 16-17).

Outotec's tables on their long term and annual targets shown in the Figure 31 are very informative and practical. Long and short term targets are categorized according to triple bottom line with clear starting and ending dates. Outotec also discloses their performance against each target and linking the targets with GRI indicators.

4.6. Other best practices from the reports

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Figure 32. The contents of Adidas' sustainability report (Adidas 2015: 2).

The contents of a report should give a quick overview of the report and wake the reader's interest. In addition, by looking at the contents of each report it was found that most of the interesting reports that tell a credible story of sustainability in the company are structured according to their material topics. These reports start with a CEO or sustainability manager's statement and continue with describing the company's approach towards sustainable development and their strategy for creating added value. It is also common to leave the performance data in the end.

Adidas' (2015) report content presented in Figure 32 has all these features. In addition, the descriptive symbols and colors for each theme follow throughout the report. Adidas describes their report as following: "In a nutshell, our reporting focuses on what is most material for us and for our stakeholders. It provides news about developments or changes in our programmes in a storytelling format, combined with facts and figures about the four pillars of our programme." In this way, Adidas describes one possible way of writing an excellent report.

SOCIAL PERFORMANCE

27

WHY IT MATTERS

The long-term sustainability of our business is dependent upon establishing and maintaining effective relationships with our stakeholders. This approach can reduce risk and create value for our business and the societies where we operate.

OUR PRIORITIES

Deliver social baseline and impact assessments that enable us to identify and manage risks, impacts and opportunities for the Group and other stakeholders.

Expand our social investment partnerships to deliver jobs, skills and benefits in the countries where we operate.

Build and maintain open relationships with our stakeholders in our areas of operation.

Ensure social performance is integrated into our business planning and development as well as our operations.

ACTIVITIES AND PERFORMANCE

CONSULTATION AND IMPACT ASSESSMENT

We assess potential social and economic impacts and develop mitigation measures for planned or proposed projects. In consultation with stakeholders and local communities. For example, our social impact assessment for an onshore seismic exploration project in Bolivia involved widespread consultation and participation from indigenous and non-indigenous groups in the area. In 2014, we worked on five social impact assessments, in relation to Bolivia, Brazil, Canada, Honduras, and Myanmar. We go beyond compliance with local legislation to meet internationally accepted best practice. For instance, in Honduras, we are conducting an integrated environmental and social impact assessment for all major geophysical operations; the depth of our social baseline research and level of consultation conducted for these assessments surpass regulatory requirements, as we work to build strong stakeholder relationships in the country.

- **Bolivia:** We consulted with the two Guarani representative groups within our proposed exploration areas and will negotiate agreements prior to starting our seismic activities in 2015. We also continued to work with the Weenhayek communities on building their capacity to manage their own affairs and to develop alternative livelihoods
- **Canada:** We signed capacity funding agreements with Tsimshian First Nations groups and set up a multi-stakeholder employment and training roundtable with First Nations
- **Honduras:** We engaged with the representative organisations of the Miskito and Garifuna peoples on the potential impacts from our exploration activity.



WORKING WITH INDIGENOUS PEOPLES

In 2014, we upheld our commitments to respect, engage and build mutually beneficial relationships with indigenous communities in and around our areas of activity. Our level of engagement depends on the stage of our project development in country. We currently work alongside indigenous communities in four countries:

- **Australia:** We continued to implement our indigenous employment, training and business development programme. The number of indigenous persons employed by the Group and its contractors increased from 63 in 2011 to over 300 in 2014. Over the life of the project, our Australian operation has traded with 19 indigenous businesses to the estimated value of A\$40 million. We published a [good practice guide](#) on indigenous employment, training and business development, in partnership with the University of Queensland's Centre for Social Responsibility in Mining

GRIEVANCE MECHANISM REVIEW

Our community grievance mechanisms aim to provide a proactive and structured approach to receive, acknowledge, investigate, respond to and remedy grievances about our projects from affected stakeholders in a planned, timely and respectful manner.

In 2014, we conducted an internal review of our community grievance mechanisms which highlighted our progress in improving grievance processes at several of our operations. For instance, in Tanzania, where it is common for community members to report grievances to local government, we collaborated with the local government process, so that any grievances related to BG Group would be addressed in a manner consistent with our grievance process. In 2015, we will work to strengthen our grievance mechanisms by improving our processes for recording, monitoring and reporting grievances, and by conducting internal training on grievance management.

Figure 33. Each sections in BG Group's sustainability report have the same structure (BG Group 2015: 27).

When it comes to the structure of the sections, BG Group works as a perfect example on how to report clearly. First, titles of each chapter at the top of the page helps to navigate throughout the report. And secondly, each chapter is structured in a same way with headings “Why it matters”, “Our priorities” and “Activities and performance” (BG Group 2015: 27).



Figure 34. Nestlé's creative way of describing the child labour system (Nestlé 2015: 210).

Presenting complicated matters through fun and informative graphics is not an easy task but a great way to explain challenging issues. Nestlé picture above is an excellent way to describe how to challenge the problem of child labour in the supply chain (see Figure 34).

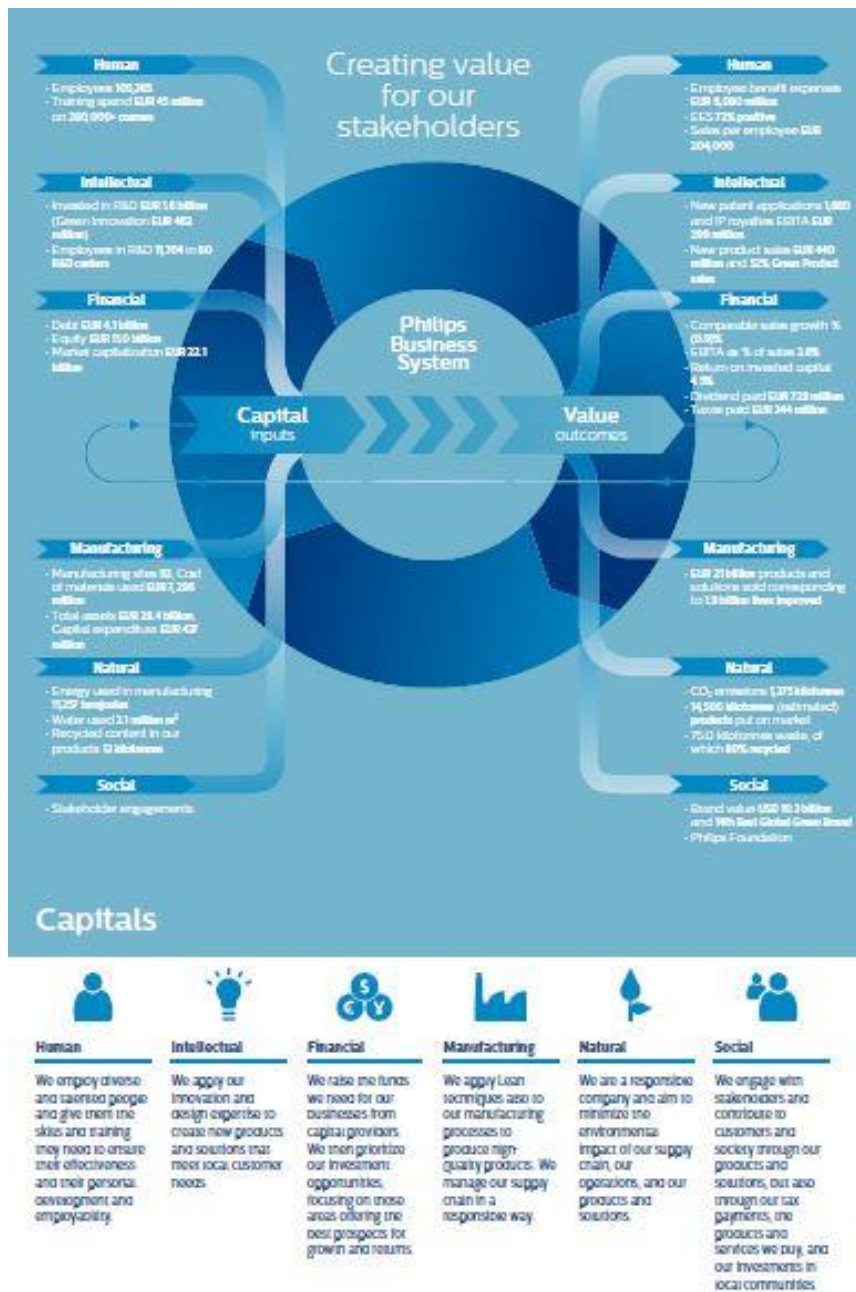


Figure 35. Philips provides a distinguishable example on how to communicate a value creation process (Philips 2015: 13).

Philips has published seven integrated reports that are in line with IIRC. Long experience in integrated reporting and shared value thinking is visible in Philips' informative graph in Figure 35. The graph is following the model provided by the <IR> Framework (IR 2016; Philips 2015: 13).

One important feature of an inspiring and authentic report is a personal way of reporting. One option to write appealing reports is to include internal stakeholder's voices in the

report with pictures. The following two images from Roche (2015: 135) and Siemens (2015a: 46-47) are examples from reports that want to give the reader an opportunity to see who the persons behind the words are. These kind of pictures bring the company's sustainable business journey to life.



Figure 36. Personal two-page spreads divide each section in Roche's annual report (Roche 2015: 135).



Figure 37. Employees' quotes and pictures enliven the "Our culture" section of Siemens' annual report (Siemens 2015a: 46-47).

IKEA's (2015: 3) report is also a great example of reporting in a personal way. As visible in the Figure 38, IKEA's report starts with an idyllic scenery from Southern Sweden's countryside where the company has its roots. The company bounds its values and the way of making business to its origins. Reader's warm and positive feeling is guaranteed.



Figure 38. IKEA starts its sustainability report by going back to its roots (IKEA 2015: 3).

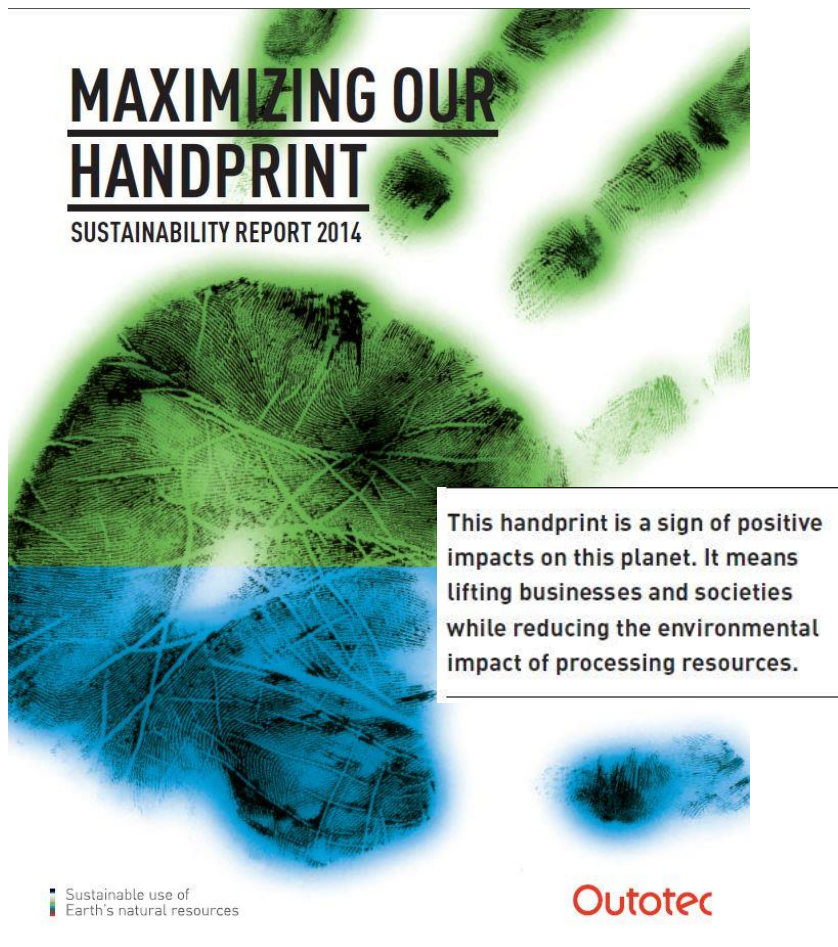


Figure 39. Personal and powerful reporting. Outotec has found its own way of telling its story (Outotec 2015: 1).

The most impressive front cover is on Outotec's (2015: 1) sustainability report. Outotec found a distinctive, fascinating and impressive way of disclosing on sustainability matters. Instead of writing about their negative footprint, Outotec chooses to make a positive impact by increasing its handprint. Outotec also focus on their sustainability context where their main challenge and opportunity is "sustainable use of Earth's natural resources" (Outotec 2015).

5. DISCUSSION

5.1. Reflecting the results on the theoretical framework

In the future, companies focusing on investors' needs will most likely report according to the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> framework (GRI's Reporting 2025 Project May 2015). GRI's (2013) study shows that the most common integrated reports belong to large private companies from the financial sector registered in South Africa, the Netherlands, Brazil, Australia or Finland. The companies studied in this thesis (also companies that were not included in the content analysis) support GRI's findings as the following companies prepared their reports (at least partly) in line with IIRC: Kesko (Finland), National Australia Bank (Australia, financial services), Natura Cosméticos (Brazil), Novo Nordisk (Denmark), Philips (Netherlands). According to KPMG (2015) only six per cent of the 100 largest companies in the world refer to IIRC in their reports.

Although retail has the lowest CSR reporting rates according to KPMG (2015), most of the best companies included in this study come from the retail sector. Most of the companies in this report are registered in Europe, as do the leaders in CSR reporting (by quantity and quality of reporting) according to KPMG (2015).

All reports except one are available in PDF format. Most of these companies utilized the "book" format for telling a story of their sustainability journey and created an enjoyable reading experience. Data technology will enable the efficient and real-time information sharing and management within the company and at the same time empower stakeholders. (GRI's Reporting 2025 Project May 2015). In addition, as leaders in CSR report only on the most material topics they seem to be moving the additional information and charts that are taking too much space to their web pages. This may be challenging for investors and other relevant stakeholders to find the needed information and therefore it may be preferable to focus on all relevant information related to the material topics — including all relevant charts and tables — and not the length of the report. Alternatively, reports may contain links to websites. This was applied with varying success. In turn, General Electric's report is only available online and unfortunately it did not make full use of online reporting (see Appendix 5). While PDF format seems to be the preferred way of

reporting, online reporting should be seen as a way to release the potential of CSR reporting into promoting change in the society.

In order to recover the legitimacy that business has lost, the leaders in CSR gain legitimacy by investing in CSR and reporting. Lugnu et al. (2011) show that there is a positive correlation between the company size and the quality and extent of reporting on environmental and social matters. This thesis supports the findings as sixteen of the companies presented in this study are among the world's 500 largest companies and are also recognized by their CSR performance.

Companies have different sustainability approaches and their motivations for CSR vary. However, importance long-term sustainable business success, profit or growth and minimizing risks are a few ways that the companies in this study acknowledge in their sustainability strategies. The research results indicate that companies in this study are applying CSR in its widest definition. The base of CSR comes from acknowledging “The Pyramid of Corporate Social Responsibility” and the “Three-Domain Model of CSR” (Carroll 1991; Carroll & Sabana 2010). More importantly, most of the companies understand sustainable business as creating shared value. Porter and Kramer (2011) mentioned Johnson & Johnson, Nestlé and Unilever as examples of companies that are the forerunners of creating shared value but also other companies are supporting the concept (Porter & Kramer 2011; Schwartz & Carroll 2003). Fifteen other companies at least name create well-being, added or shared value/lasting value in their sustainability strategies. Over half of the companies define that sustainability is part or at the heart of their strategy and as many reports state that sustainability is embedded in all or increasing part of the company’s activities, value chain or operations.

Fredrik Heinonen’s (2015) words sum up one of the features seen in the best reports in this study: companies should not position themselves against their competitors but against the society. Companies should recognize their role in the society. This enables companies for example to recognize their sustainability context. Reporters in the study regard their role in the society, focus on stakeholder engagement and creating shared value. Stakeholder theory is visible in the reports as for example in comprehensive reporting on stakeholder engagement and engaging stakeholders in the materiality assessment process.

The reports in this study provide relevant information for stakeholders and focus on material topics that have been identified by engaging internal and external stakeholders. Material topics define the content of a CSR report in and therefore in theory material topics and indicators disclosed should have a connection. Companies in this study have set targets in several different areas and recognized several material topics but the different topics are also widely distributed among the companies. Therefore it is not possible to directly measure how harmonized the reporting is within these companies although it is possible to recognize the topics and Aspects that are the most common among the leaders in CSR. The results also show that the level of different material topics and targets vary significantly. The same challenge applies to targets, where the targets vary within and among the companies from qualitative wide-scope targets to specific quantitative targets.

The companies in this study are and registered in various countries, they operate in several countries, represent different industries and face different stakeholders' expectations which may create variation in CSR disclosure (Fortanier et al. 2011; Niskala et al. 2013; Roca & Searcy 2012). Widely distributed material topics among the companies indicate that the companies are reporting on the most relevant topics for the company and their external stakeholders. The companies engage stakeholders in the process of defining the contents of the report and due to the various societies where the companies gain legitimization from, the material topics and the reports' contents vary. One could argue that the challenges in harmonization of CSR reporting — significantly varying relevant matters and challenge of identifying the core CSR elements — recognized by Tschopp and Nastanski (2014) are in fact contradictory. Recognizing the core CSR elements is the result of a company and stakeholder specific process which generate varying relevant topics.

Fortanier et al. (2011) found that rights topics, economic impact and climate change are influenced more by domestic effects and therefore they were not commonly reported within the largest companies in the world. The findings of this study show that Aspects under the economic Category are indeed less common matters to report on. However, climate change and (overall) human rights both belong to the seven most common material topics reported by 43 % of the companies. It is possible that these topics are currently more common and especially human rights have recently been emphasized by sustainability oriented institutions, analysts or other relevant actors in sustainability.

Furthermore, this study focuses on the forerunners in CSR and therefore it creates a more homogenous group. All of these companies follow the GRI and many of these companies have joined different global sustainability initiatives and standards and are registered in several sustainability indices that affect the contents of their reports (Fortanier et al. 2011; Niskala et al. 2013). In fact, Fortanier et al. (2011: 672) found that global standards and guidelines are associated with harmonization of MNEs' CSR reporting and argue that they may create "a global issue-level field" in CSR reporting. Moreover, these companies most probably compete for the same stakeholders and find legitimacy globally — investors, customers and other brand owners — who have high expectations for sustainability and therefore may create more harmonized reporting. In addition, the forerunners of CSR are in fact learning from each other along their sustainability journey and competitors should even participate to cooperate in order to create shared value (Porter and Kramer 2011). Finally, mimetic pressure causes smaller and/or inexperienced companies to imitate companies such as the ones presented in this study — large companies which perform well in CSR. All these factors contribute to more harmonized CSR reporting (Pedersen et al. 2013; Sweeney and Coughlan 2008).

The contents of CSR reporting may in the future include global challenges. The most common material topics mentioned by the reporters in this thesis may be an indication of these global issues: sustainable supply chain, water, energy, diversity and equal opportunity and (overall) human rights. Sustainability topics such as energy, water and labor practices that were widely reported in Canada (Roca & Searcy 2012), Spain (Gallego 2006) and Greece (Skouloudis 2009) are also visible in this study as some of the most commonly identified material topics. Fortanier et al. (2011) found in their global study that harmonization occur more efficiently on traditional reporting topics such as employment matters. The studied matters are very similar to material Aspects under the sub-Category of Labour practices and decent work. This thesis shows that Labour practices and decent work is the most common sub-Category and therefore it reinforces the findings of Fortanier et al. (2011).

The reports analysed in this thesis have recognized directly at least three topics (material topics and target setting) out of ten topics that GRI (GRI's Reporting 2025 Project May 2015) names as big matters for the next decade: shortage of raw materials, policies and

action plans to tackle climate change, reduction of waste and ecosystem contamination and protection of human rights (GRI's Reporting 2025 Project May 2015). KPMG's (2015) found that the largest companies in the world identify resource scarcity, energy and climate change as sustainability trends and risks. The findings are in line with the most common material topics identified by the companies in this thesis.

In the future, the higher-level commitment should according to GRI (GRI's Reporting 2025 Project May 2015) guide companies to apply the sustainable economy model(s) (for example circular economy, the green economy, progress without growth and natural capitalism) and report on the progress. Companies seem to have recognized at least the potential of circular economy as it is one of the topics that stand out from the reports in material identification and target setting. Creating shared value may be the enabler for companies to combine business models and sustainability challenges together. This way companies are able to "measure and report towards a sustainable economy" and moving towards sustainability reporting that promotes change (GRI's Reporting 2025 Project May 2015: 4; GRI's Reporting 2025 Project October 2015).

The fact that local communities is one of the ten most common material topics out of the total 71 topics refers to Porter and Kramer's (2011) cluster thinking in creating shared value — enabling the development of local clusters. Identified material topics such as "Local community generation" (British Land 2015), "Local socio-economic impact, youth" (Coca-Cola 2015) and "Promoting local economies" (LG Electronics) and several case examples that often relate to local development indicate the importance of a successful community in creating shared value. In addition, cluster thinking is clearly visible in "Nestlé in society — Creating Shared Value and meeting our commitments 2014" performance summary (Nestlé 2015: 1), Westpac's (2015: 9) commitment: "We recognise that for our business to prosper, so too must the communities in which we operate." and National Australia Bank's (2015: 7) promise: "We will continue to play an important role in lending and investing in the small and large businesses, industries, infrastructure projects and not-for-profit organisations that help our communities to prosper." Furthermore, companies recognized the potential of sustainability in innovation or product and service development indicating to solving global challenges.

If Multinational Enterprises are to become world citizens and create shared value they

should recognize and tackle the greatest global problems. In the end, it may harmonize CSR reporting. However, creating shared value is most successful in areas that are closely linked with company's business and that are most important for the company (Porter & Kramer 2011). Some of the companies in this study assessed in which areas the company has an unique potential for a positive impact. This leads to significantly varying material topics. The identified material topics and/or Aspects represent global challenges as well as the company-specific approach for creating shared value.

Therefore the *level* of commitments, sustainability missions, material topics and targets are crucial in measuring and defining harmonization and whether companies are tackling global challenges. The significant factor is companies' sustainability approach and strategy which discloses their vision of promoting change and the higher-level commitment in creating shared value. Commitments such as "Embracing societal change" (Westpac 2015) may sound like an abstract statement but it gives an indication on how the company understands its sustainability context and sets a higher-level *commitment*. Due to the process of engaging all relevant stakeholders, the combination of identified material Aspects, topics and targets *specify* the commitment and the company's distinctive approach for creating societal change and tackling global challenges (GRI's Reporting 2025 Project May 2015; GRI's Reporting 2025 Project October 2015; Porter and Kramer 2011).

5.2. Reflections on the research process and suggestions for future research

In order to produce reliable results the conditions were tightened for the content analysis during the collection and analysis of the data. However, the categorization and analysis was challenging when for example the level of identified material topics and targets vary significantly within and among the companies. In addition, in order not to favor companies that apply the G4 guidelines, terminology such as "material" or "materiality assessment" was not a requirement when collecting the data for material topics. This also made the analysis difficult and increased the variation among the material topics. In summary, it is necessary to note that content analysis is a highly subjective method as mentioned in the beginning of the research.

The results of this study are case specific and generalization should be made with caution.

The contents of CSR vary among companies and over time. Therefore this study cannot be generalized to other leaders in CSR or for reports of different time period. Some of the categories used in the content analysis are obtained from the reports being analyzed and according to Krippendorff (1989) this limits the generalization of the findings significantly. In addition, the Aspects may not follow specifically the contents defined by the GRI G4 Guidelines.

The research process was heavy but rewarding. Various studies in geography and CSR as well as the work experience in corporate responsibility are inseparable part of this thesis. The fact that the research data was collected in a relatively short time during a traineeship in a sustainability team enabled regularity, continuous progress, and an equal analysis of the reports.

One suggestion for a future research would be to conduct a similar study for the leaders in CSR reporting. Future research could also be focused on the harmonization of CSR reporting; on the progress related to the leaders in CSR and CSR reporters and the pros and cons of harmonization of CSR reporting. In addition, future research could be related to the variation of material topics among and/or within different companies globally and/or nationally. A future study could also focus on comparing different topics raised by the stakeholders (in a company's materiality assessment) to topics identified as material by the companies in question. Moreover, future research could be done in the field of sustainability targets: how does especially the leading companies in sustainable business measure the progress of their commitments for creating shared value and is the progress visible.

6. CONCLUSIONS

The aim of this thesis was to study some of the most sustainable companies' sustainability reporting — to describe the contents and appearance of the reports.

The best reports belong to Adidas, Biogen, BMW, Henkel, IKEA, Johnson & Johnson, Natura Cosméticos, Nestlé and Unilever. Other companies that were not included in the analysis but had excellent reports are: Air France-KLM, BG Group, LEGO, Outotec and Sodexo. The appearance and reader-friendliness of the best reports have several common features: the report is reader-friendly with a clear structure, beautiful design and interesting pictures and graphics that simplify the complex matters of sustainability. The report is simple, well-written and has case examples (or links to case examples) to enliven the story. Some of the best reports' have a personal and recognizable way of reporting on sustainability topics. In summary, the effort put into sustainability in the business and into the report is visible in the best reports.

The contents of these reports (and partly also other reports in this study) also have certain similarities. Most of the best reports present a clear strategy and/or an ambitious vision that takes sustainability into account or companies have a separate strategy for sustainability. Many companies have a credible sustainability program or plan and the program is visible throughout the report. Report is well written, convincing, credible and discloses also future plans relating to sustainability. Best reports focus only on topics that are most important for the company and stakeholders — the material topics. The report tells a distinctive story of the company's sustainability journey where sustainability seems to be well integrated into the business strategy. The best companies were able to look at their business from the distance and simplifying this story for their stakeholders.

While the quality of most of the reports was in line with the companies' CSR performance, some of the reports did not have the same quality (some of the reports in black in Figure 4). The study shows that the 29 companies have many similarities: most of the companies follow the GRI G4 guidelines in accordance with the “Core” option, have long and short term targets, quantitative and qualitative targets and majority of the reports have also identified material topics and have a materiality matrix.

Companies engage external and internal stakeholders in the materiality assessment

process. Therefore they are able to recognize the most relevant, significant topics for the company and external stakeholders and find opportunities to tackle global challenges. The study shows that the most common materiality assessment process among some of the world's most sustainable companies is to apply at least to some measure the GRI G4 materiality assessment process. First, companies identify the possible material topics and Aspects in collaboration with internal and external stakeholders. Next, companies prioritize material topics in collaboration with internal and external stakeholders by evaluating the topics' significance to stakeholders and impact on the company's business. Materiality assessment process is usually conducted by using for example surveys and/or interviews.

The leaders in CSR have many features that follow the most recent guidelines in CSR reporting and contain some of the most current topics concerning CSR, CSR reporting and global challenges. Most of the reporters recognized their role in the society and they committed to tackle global challenges. The reporters emphasize the importance of sustainability and innovation which enables companies to create wellbeing and find solutions to global problems. Companies also recognize long-term sustainable business success, profit or growth and minimizing risks as their approach for sustainability.

Some of the world's most sustainable companies' identified material topics and/or Aspects represent the global challenges as well as the company-specific approach for creating shared value. Different operating environments and company specific factors explain the variation in material topics and sustainability targets. At least half of the companies' material topics (or Aspects) or otherwise important topics are: sustainable supply chain, water and energy. Whereas at least half of the companies (whose targets were clearly set) have targets in the following areas: emissions, occupational health and safety, sustainable supply chain, water and energy. At least half of the companies that had identified the following topics as material had also set targets in these areas: water, energy, health/safety/security/wellbeing, customer health and safety, efficient use of resources/recycling or circular economy, marketing communications, anti-corruption, occupational health and safety, effluents and waste, and emissions.

In line with the recommendations by the pioneers of integrated reporting, most of the

companies have recognized material topics and define sustainability as a part or at the heart of their strategy and (GRI 2013). Sustainability reporting has a role in creating change; to measure and report on the progress of promoting societal change. Sustainability reporting — or sustainability disclosure better integrated with business opportunities, management and creating shared value — will in the future gain forms of integrated reporting. Sustainability reporting as it best increases the connection between companies and their stakeholders and supports companies to focus on material topics that arise from stakeholder engagement and companies' sensitivity for their business environment and sustainability context. The results show that the leaders in sustainability greatly agree to these latest concepts of CSR and are increasingly aware of the potential of sustainability reporting.

Companies' financial growth is no more legitimate absolute value and therefore the purpose of corporation needs to be redefined as creating shared value. In order to connect companies and society again there is need to turn these "legal persons" to "world citizens". This change in thinking is visible especially in the sustainability strategies, where in fact some of the companies commit to world citizenship. Whether the promises and commitments are to become reality is to be seen.

Leaders in sustainable business may or may not be leaders in sustainability reporting. However, based on this study, companies are with varying degrees aware of the latest practices and knowledge related to sustainable business, value creation, latest trends in sustainability reporting and recognizing the sustainability context. The forerunners in CSR set an example of practicing sustainable business for other organizations. Based on this study the future of CSR and sustainability reporting seems promising.

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APPENDICES

APPENDIX 1. The GRI Categories and Aspects (GRI part 1 2013: 9).

TABLE 1: CATEGORIES AND ASPECTS IN THE GUIDELINES				
Category	Economic		Environmental	
Aspects ^{viii}	<ul style="list-style-type: none">• Economic Performance• Market Presence• Indirect Economic Impacts• Procurement Practices		<ul style="list-style-type: none">• Materials• Energy• Water• Biodiversity• Emissions• Effluents and Waste• Products and Services• Compliance• Transport• Overall• Supplier Environmental Assessment• Environmental Grievance Mechanisms	
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects ^{viii}	<ul style="list-style-type: none">• Employment• Labor/Management Relations• Occupational Health and Safety• Training and Education• Diversity and Equal Opportunity• Equal Remuneration for Women and Men• Supplier Assessment for Labor Practices• Labor Practices Grievance Mechanisms	<ul style="list-style-type: none">• Investment• Non-discrimination• Freedom of Association and Collective Bargaining• Child Labor• Forced or Compulsory Labor• Security Practices• Indigenous Rights• Assessment• Supplier Human Rights Assessment• Human Rights Grievance Mechanisms	<ul style="list-style-type: none">• Local Communities• Anti-corruption• Public Policy• Anti-competitive Behavior• Compliance• Supplier Assessment for Impacts on Society• Grievance Mechanisms for Impacts on Society	<ul style="list-style-type: none">• Customer Health and Safety• Product and Service Labeling• Marketing Communications• Customer Privacy• Compliance

VIII The word **topic** is used in the Guidelines to refer to any possible sustainability subject. The word **Aspect** is used in the Guidelines to refer to the list of subjects covered by the Guidelines.

APPENDIX 2. Requirements for different 'In accordance' options when reporting on Specific Standard Disclosures (GRI part 1 2013: 11).

TABLE 4: REQUIRED SPECIFIC STANDARD DISCLOSURES (DMA AND INDICATORS)		
Specific Standard Disclosures	'In accordance' – Core	'In accordance' – Comprehensive
Generic Disclosures on Management Approach	For material Aspects only(*)	For material Aspects only(*)
Indicators	At least one Indicator related to each identified material Aspect(*)	All Indicators related to each identified material Aspect(*)
Specific Standard Disclosures for Sectors	Required, if available for the organization's sector and if material(*)	Required, if available for the organization's sector and if material(*)

APPENDIX 3. Defining material Aspects and Boundaries — a process overview. (GRI part 1 2013: 90).

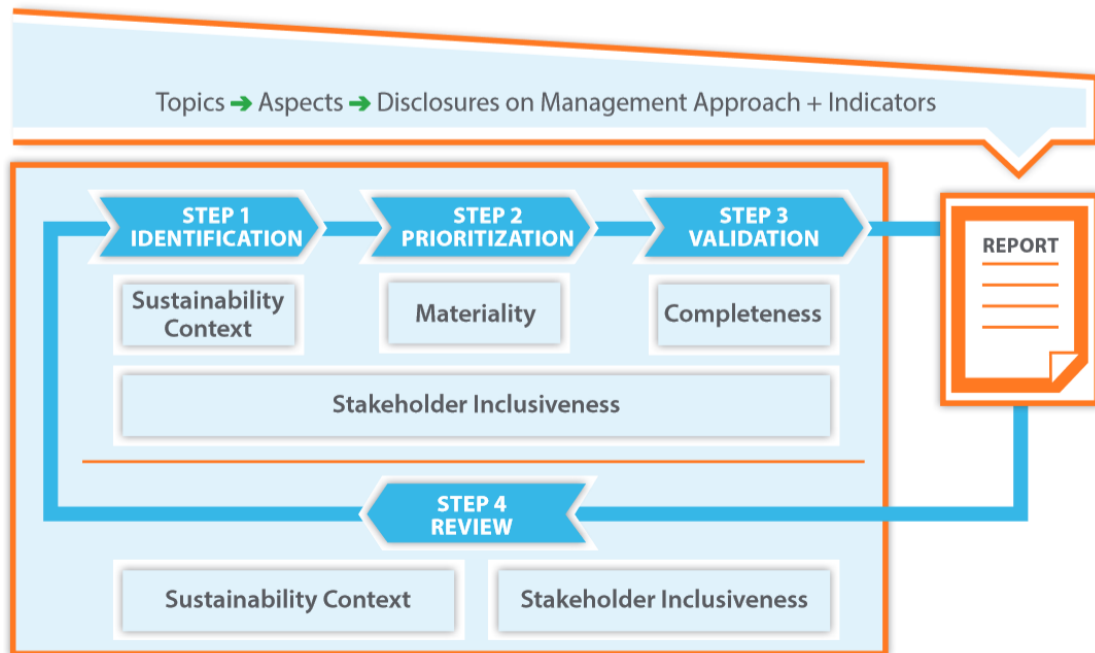
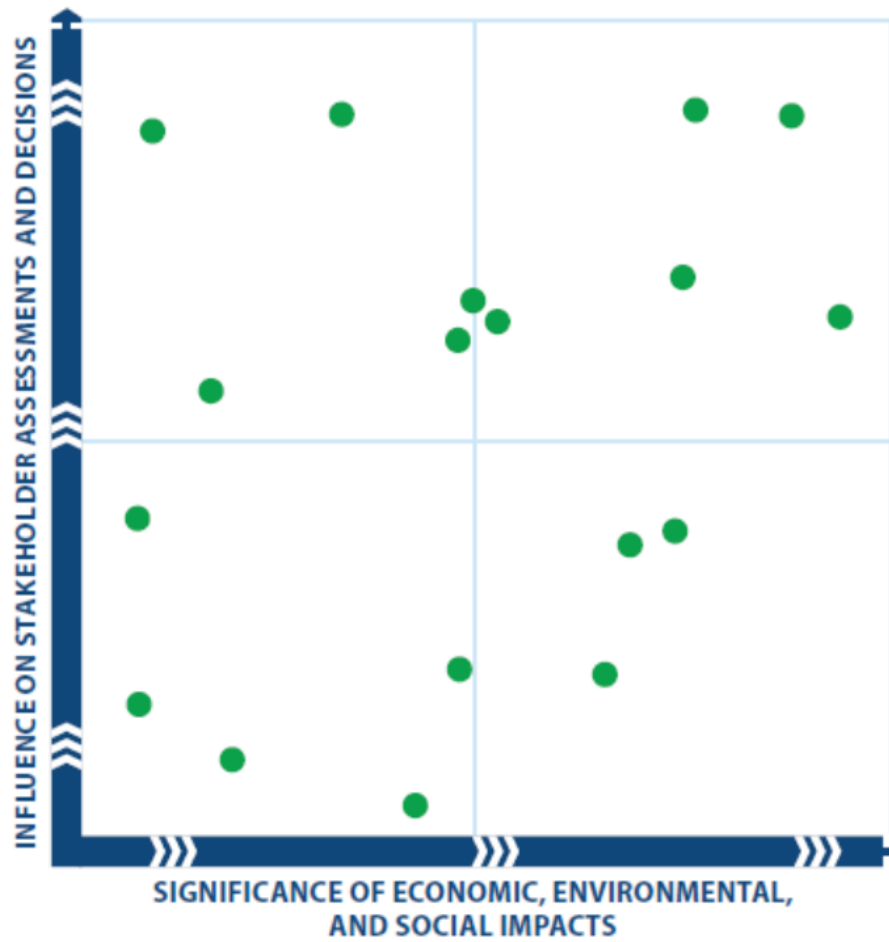


FIGURE 6

Visual representation of prioritization of Aspects



APPENDIX 5. Evaluating the reports.

Company name	Comments about the report
Adidas (2015)	The structure is clear. It is based on material topics and case examples. The report has a good layout and it is reader-friendly. The beginning of the report is also good.
Akzo Nobel (2015)	Unfortunately, the GRI-index online was referring only to the 2013 report. Unclear Sustainability -section: confusing with a lot of references to different parts of the report without specific pages, difficult to create a whole picture. The materiality index is slightly unclear.
Allergan (2015)	Strange structure. The report follows some elements of a scientific paper with sections of “Introduction”, “Conclusions” and appendices. The report looks slightly outdated and uninteresting.
Atlas Copco (2015)	Unfortunately, the structure is unclear. It is hard to recognize the most important topics for the company.
BASF (2015)	Well written sections. However, the overall structure is slightly challenging and the report is too long.
Biogen (2015)	Good structure, well written sections, good layout and the report is reader-friendly. Clear policy statement for each chapter. Comprehensive "Funding Our Future Through Human Capital" section on p. 69-82.
BMW (2015)	Well written sections and a fairly good structure. It is positive that stakeholder's question is starting every section. It is slightly challenging that GRI-index in the end of the report includes only page numbers or references to different sections without any links.
British Land (2015)	Unfortunately, the structure is unclear. The report is based on performance without any sustainability context. Challenging GRI-index with references to webpages and other material without any links.
Coca-Cola Enterprises (2015)	Well written sections and good design. However, the structure is challenging; it is based on factsheets and there is no contents.

DNB (2015)	The report is not so interesting. Gives an impression that the company struggles with integrating sustainability matters into their operations. Prioritisation of corporate social responsibility matters p. 6 only contains stakeholders' opinions and DNB's strategy without a link to sustainability.
General Electric (2015)	The report is only available online (no PDF) and the report is unfortunately a disappointment; the report not very comprehensive, hard to navigate and not reader-friendly.
Henkel (2015)	Clear beginning, very well written sections and good structure, reader-friendly. Good design.
IKEA (2015)	The report has a personal touch. Good structure, well written sections, beautiful design and reader-friendly.
Johnson & Johnson (2015)	Good structure, interesting design and a comprehensive report. The report is long but still reader-friendly. In addition to a GRI-index at the back of this report, GRI indicators can be found throughout the report.
Keppel Land (2015)	Some well written parts. However, the report is long with less relevant topics included. In addition, the structure is slightly unclear.
Kesko (2015)	Multiple case examples are interesting and show what sustainability means in practice. There are fun charts where vegetables present the bars (p. 93). However, the report is too long and the structure is slightly challenging. It seems that the company is only listing facts without telling their story. The design is not so interesting and the layout does not work in PDF; too many half empty pages and small text. A link to the separate GRI-index is provided only a couple of times in the report and therefore it is hard to find. Material topics, materiality assessment and the materiality matrix are available only online and no link is provided in the report.
LG Electronics (2015)	Interesting contents, clear structure based on material topics. Distinctive design with good graphics (such as "LG Electronics' Principles for Sustainability & CSR", p. 18). Comprehensive

	report.
Marks & Spencer (2015)	Well written sections and some good graphics. The "Performance Summary" on page 10 is very good. However, the report is slightly confusing with a lot of graphics and tables. It is hard to get an overview of the report and distinguish the key matters for the company.
National Australia Bank (2015)	The structure of the "Dig Deeper" report is good but the design is not so interesting and quite heavy to read.
Natura Cosméticos (2015)	The report has a clear structure and sustainability matters are well integrated to the general strategy and to the annual report. Everything is reported only in 37 pages. Company shows that it is part of the society and linking its operations to global challenges. Materiality, targets and performance are well linked and clearly presented in the "Sustainability performance" table. Different, interesting solution: separate GRI report as an "Indicators section".
Nestlé (2015)	Structure is good. There are well written sections and the report is very comprehensive. However, it may be too comprehensive, as it is hard to get an overview of a 284 page report. The design is not so interesting. It is confusing that there are two different CSR reports (full-length and a summary). It is good that every section has the same structure. In addition, GRI indicators are included in the text.
Philips (2015)	Good section: "How we create value" (p. 12-13). Slightly confusing structure although sustainability disclosure is well integrated in the annual report.
Renault (2015)	Design is not so interesting. The structure is slightly confusing with a lot of sub-titles. In addition, it is hard to get an overview of the report and the company's sustainability approach.
Roche Holding (2015)	Personal touch with cases and interviews. However, the structure is challenging and it is hard to get an overview of the report and

	the company's sustainability approach. Design is not so inspiring.
Samsung (2015)	The report has a good structure and graphics are interesting. Refreshing table of contents (p. 2-3). Excellent interview about CS (p.24-27). Company's strategy or approach is clearly stated in the beginning of each section and sections are also linked with the material topics (e.g. p. 23) The report is comprehensive but it is too long and too many topics have been included.
Schneider Electric (2015)	The structure of the report is good, the report has a good design and it is well written. However, it is challenging that G4 and materiality are not mentioned in the sustainability report.
Siemens (2015)	The beginning of the report is very clear and informative. However, the structure is unclear and there is no complete table of contents. It is slightly confusing that there are different reports in addition to the annual report, but not a clear sustainability report.
Unilever (2015)	Structure is good. Inspiring report with a good design. There is a lot of graphics supporting the plain text. Excellent picture on the USLP on page 20.
Westpac Banking (2015)	Unfortunately, the report is not very comprehensive, the structure is slightly unclear and the design is not so interesting.
Other companies	
Company name	Comments about the report
Air France-KLM	Clear structure, based on material topics and case examples.
Apple (2015)	It is not so reader-friendly to have two separate reports: environment and suppliers. Neither of the reports seem to be very comprehensive.
BG Group (2015)	Clear structure, based on the most material topics. Well-structured chapters with titles "why it matters", "our priorities" and "activities and performance". Good: sustainability approach clearly stated already in the contents.
LEGO (2015)	Good structure based on the material topics. Inspiring and original design with fun graphics. LEGO is the only company which views The 10 Children's Rights and Business Principles against the

	Group's actions. It is easy to understand the main messages and the company's sustainability approach.
Novo Nordisk (2015)	The structure is slightly unclear, design is not so interesting and the general sustainability approach does not seem to be so comprehensive.
Outotec (2015)	Well written and a reader-friendly report. Powerful cover page. It is a pity that the handprint is not promoted more clearly in the actual sustainability program. The opening words by the CEO are very good, open and easily to be related to - slightly different from the other reports. Very good table on megatrends on pages 12-13. Professional pictures.
Sodexo (2015)	Clear structure according to the material topics. Good graphics and an original design. It is slightly challenging that for example GRI is separately in the Registration Document.
Statoil ASA (2015)	Clear structure according to the material topics. Very clear, simple report. However, the design is not interesting and the report is not inspiring.
UPM-Kymmene (2015)	Very good structure and good layout: a lot of graphics supporting the plain text. Good way to present the year according to the six business areas.

APPENDIX 6. Quotes of the best examples in sustainability strategy, plan or approach.

Company name	Quotes from the best examples of sustainability strategy, plan or approach	Material topics: if very clear, unclear or missing	Materiality assessment: if very clear, unclear or missing	Targets: if very clear, unclear or missing	Name of the Sustainability program or plan
Adidas (2015)			Unclear		People, Product, Planet, Partnership
Akzo Nobel (2015)	So as well as actively working to reduce our carbon footprint across the value chain – to improve our resource efficiency and reduce our environmental footprint – we’re also creating social value by developing our employees and being active in the communities where we operate. And by continuing to innovate in order to supply more sustainable products and solutions for				Planet Possible

	our customers, we create economic, environmental and social value. (p. 10)				
Allergan (2015)					2020 Sustainability Vision
Atlas Copco (2015)			Good materiality assessment process.	The targets are quite unclear.	
BASF (2015)	We have recognized sustainability as a significant driver for growth. By integrating sustainability considerations into our decision-making processes, we optimize our business and contribute to long-term economic success. We accomplish this by, for example, embedding sustainability into our organization with clearly defined responsibilities.		Good materiality assessment process.	Clear targets.	We create chemistry
Biogen (2015)			Good materiality		

			assessment process.		
BMW Group (2015)	<p>For us, constant integration of sustainability into our business model is an investment in our future. By acting sustainably, we leverage new business opportunities, minimise risk and seek to overcome social and business challenges at an early stage.</p> <p>At the same time from our perspective, sustainability is capable of making a positive contribution to the long-term business success of the company.</p> <p>Taking social and environmental responsibility for everything we do is an integral part of how we perceive ourselves as a company.</p> <p>We are convinced that the lasting economic success of any enterprise these days is based increasingly on acting responsibly and ensuring social</p>				Strategy Number ONE

	acceptance. Efficient and resource-friendly production processes and state-of-the art solutions for sustainable individual mobility offer a clear competitive advantage.				
British Land (2015)	Supporting communities, enhancing environments and growing economies – helping to drive preference. Sustainability is at the heart of our business strategy and helps to increase appeal for our stakeholders. Our sustainability strategy also helps us to create lasting value, manage physical, fiscal and regulatory risks, care for our reputation, and deliver positive outcomes for us and our stakeholders.		Unclear		
Coca-Cola Enterprises (2015)			Good materiality assessment process.		Sustainability Plan – ‘Deliver for Today, Inspire

					for Tomorrow'
DNB (2015)					
General Electric (2015)	At GE, sustainability means aligning our business strategy to meet societal needs, while minimizing environmental impact and advancing social development. This commitment is embedded at every level of our company — from high-visibility initiatives such as Ecomagination and healthymagination to day-to-day safety and compliance management around the world.				

Henkel (2015)	<p>Our long-term perspective and the anchoring of sustainability in our core business are the key foundations for achieving our goal:</p> <p>Triple our efficiency by 2030.</p> <p>Commitment to leadership in sustainability is one of our core corporate values. Through our sustainability strategy, we contribute both to sustainable development and to our company's economic success. As sustainability leaders, we aim to pioneer new solutions while continuing to shape our business responsibly and increase our economic success. This ambition encompasses all of our company's activities – along the entire value chain.</p> <p>(p. 1-2)</p>				<p>We summarize this ambition to become three times more efficient as “Factor 3.”</p>
IKEA (2015)	<p>If we are to continue to grow and be successful in the long term, it is essential that we work within the limits</p>				<p>People & Planet Positive</p>

	<p>of the planet. This is why sustainability is an integral part of our business strategy. We have decided that rather than simply reducing the harmful impact of our business, we will go further. We want to make a positive difference for our customers, co-workers, suppliers and the planet. When you go all-in, it creates transformational change.</p>				
Johnson & Johnson (2015)					Citizenship & Sustainability
Keppel Land (2015)	<p>We aim to become a leading global company, respected for innovative solutions in our businesses and for touching lives wherever we operate. In doing so, we create sustainable value for all our stakeholders as we continually improve on our operating efficiency and resource stewardship. (p. 2)</p> <p>We align our business practices to</p>			Unclear	

	<p>international best-in-class standards which spur our commitment to quality, governance, health and safety as well as environmental protection.</p> <p>We empower lives of the communities where we operate, at the same time, seek to implement sustainable change and improvement while caring for the underprivileged and environment. (p.25)</p>				
Kesko (2015)					
LG Electronics (2015)	<p>...LG Electronics pursues sustainability management that is balanced with the triple bottom line—society, the environment, and the economy.</p> <p>... Our ultimate goal of sustainability management principles is to reflect the different voices of our stakeholders in our management activities and to generate differentiated value for them which will serve as a firm foundation for a company's sustainable growth.</p>		<p>Good sections: "Materiality Analysis" and "Utilization of Materiality Analysis Results".</p>		

Marks & Spencer (2015)		Material topics are unclear. The materiality matrix on page 29 is hard to understand.		Materiality topics and targets are confusing and the Plan A 2020 is only described in a general level.	Plan A 2020
National Australia Bank (2015)	At NAB, our approach centres on creating shareholder and social value. We want to create opportunities to build more prosperous communities, help people have a healthy relationship with money and contribute to a future focused society. AR, p. 24 Our approach to CR aims to make a positive and sustainable impact in the		Good materiality assessment process.	Unclear	

	lives of our customers, people, communities and on the environment in which we operate. This underpins a strong and sustainable business for our shareholders and creates shared value for stakeholders. DD, p. 3				
Natura Cosméticos (2015)	<p>Our reason for Being is to create and sell products and services that promote well-being/being well. p. 2</p> <p>Natura works toward generating more and more value for all its stakeholders. p. 8</p> <p>Guided by our essence, we strive to develop products and concepts that add value for all stakeholders throughout our chain. p. 10</p> <p>Launched in 2014, the new sustainability vision is fully aligned with business strategy and is intended to transform Natura into a company that generates positive impacts in every</p>		Unclear		Sustainability Vision 2050

	dimension of its activities. What this means is that its operations should improve the environment and society, rupturing the current paradigm whereby impacts are merely reduced and mitigated. p. 16				
Nestlé (2015)	<p>Creating Shared Value is the way we do business, and the way we connect with society. It's an approach based on respect for people, cultures and the natural environment.</p> <p>We see this value creation as a basic requirement for successful business, but it doesn't stop there. Being a global leader brings not only a duty to operate responsibly, but also an opportunity to create long-term positive value for society. We call this Creating Shared Value, and we embed it firmly in our holistic management thinking across all</p>		Good materiality assessment process.		Creating Shared Value

	<p>parts of our business.</p> <p>(p.10)</p>				
Philips (2015)	<p>At Philips, our starting point is always to understand the specific challenges local people face...</p> <p>...Having gained these deep insights, we then apply our outstanding innovation capabilities, strong brand, global footprint</p> <p>and talented and engaged people – often in value-adding partnerships – to deliver solutions that meet these needs and make the world healthier and more</p>				EcoVision

	<p>sustainable.</p> <p>We take a two-dimensional approach – social and ecological – to improving people’s lives. (p.12)</p>				
Renault (2015)	<p>...We want to ensure that sustainable mobility is a driver of worldwide development and progress for everyone.</p>			Unclear	Drive the Change
Roche Holding (2015)	<p>Sustainable success — and this is not only true for Roche — requires long-term thinking and commitment.</p> <p>We run our business in a way that is ethical and aims to create long-term value for shareholders and all our stakeholders. ...We believe that our success lies in our ability to develop strategies where both industry and society benefit in a sustainable way.</p>		Good materiality assessment process.	Unclear	Safety, Security, Health and Environmental Protection (SHE)

Samsung (2015)	<p>Our technology and innovation are just not limited to our products. We are equally passionate about using our technology and innovation to create a better and sustainable future.</p> <p>We at Samsung Electronics strive to be the best of the best in everything we do – by creating innovative products and services through our talent and technology, driving changes and overall contributing to a better world.</p>		<p>Good materiality assessment process.</p> <p>Excellent figure on materiality assessment</p>	Unclear	
Schneider Electric (2015)					The Planet & Society Barometer

Siemens (2015)	<p>We are aware of the associated high standards and the possibility of conflicting goals. Nevertheless, we are convinced that sustainability, especially in the sense of resource efficiency is a business opportunity, and worth seizing. (Combined Management Report</p> <p>What we create is yours. For the benefit of our customers and for the societies in which we live and work. Yesterday, today and in the future. That's what ensures our long-term entrepreneurial success. That's what we understand by sustainability. And that's what we mean when we say, "We make real what matters."</p>		Unclear	Clear goals.	Vision 2020
Unilever (2015)	<p>Unilever has a simple purpose – to make sustainable living commonplace. We see it as the best, long-term way for our business to grow.</p>		Unclear		Unilever Sustainable Living Plan (USLP)
Westpac Banking			Unclear	Unclear	

(2015)					
Other companies					
Company name	Quotes from the best examples of sustainability strategy, plan or approach	Material topics	Materiality assessment	Targets	Name of the Sustainability program or plan
Apple (2015)			Unclear	Unclear	
BG Group (2015)	<p>We are committed to contributing to the social and economic development of the countries where we work. This includes how we work with local communities and our supply chain.</p> <p>As an oil and gas company, we recognise our duty to minimise the impact of our operations on the environment, including the climate. We aim to be part of the solution in meeting the energy demand of a growing global population, while</p>			Targets are well in line with the material topics and structure.	

	<p>addressing the critical challenge of climate change for society and our business.</p> <p>We aim to create shared value and develop strong partnerships and meaningful stakeholder engagement with the governments, communities, businesses and people that we work with. The relationships we build have a significant impact on our ability to operate effectively.</p>				
Novo Nordisk (2015)		Unclear	Unclear	Unclear	Novo Nordisk Way
Outotec (2015)	<p>Outotec provides industry benchmark technologies and life-cycle solutions to customers all over the world, making a significant positive handprint in the sustainable use of natural resources. We work hard to maximize this transformative potential, helping our customers reduce the ecological</p>	Clearly stated material topics.	Good materiality assessment process.	Clear targets with long-term (2020) and short term (2015) targets,	

	footprint of their operations. As leaders in the field, we strive to ensure that sustainability is demonstrated in everything we do.				
Sodexo (2015)	...Our future success depends on identifying the big, long-term challenges facing society, and responding to the risks and opportunities they pose for our business.			Clear goals.	Better Tomorrow Plan
Statoil (2015)					
UPM-Kymmene (2015)					Biofore strategy